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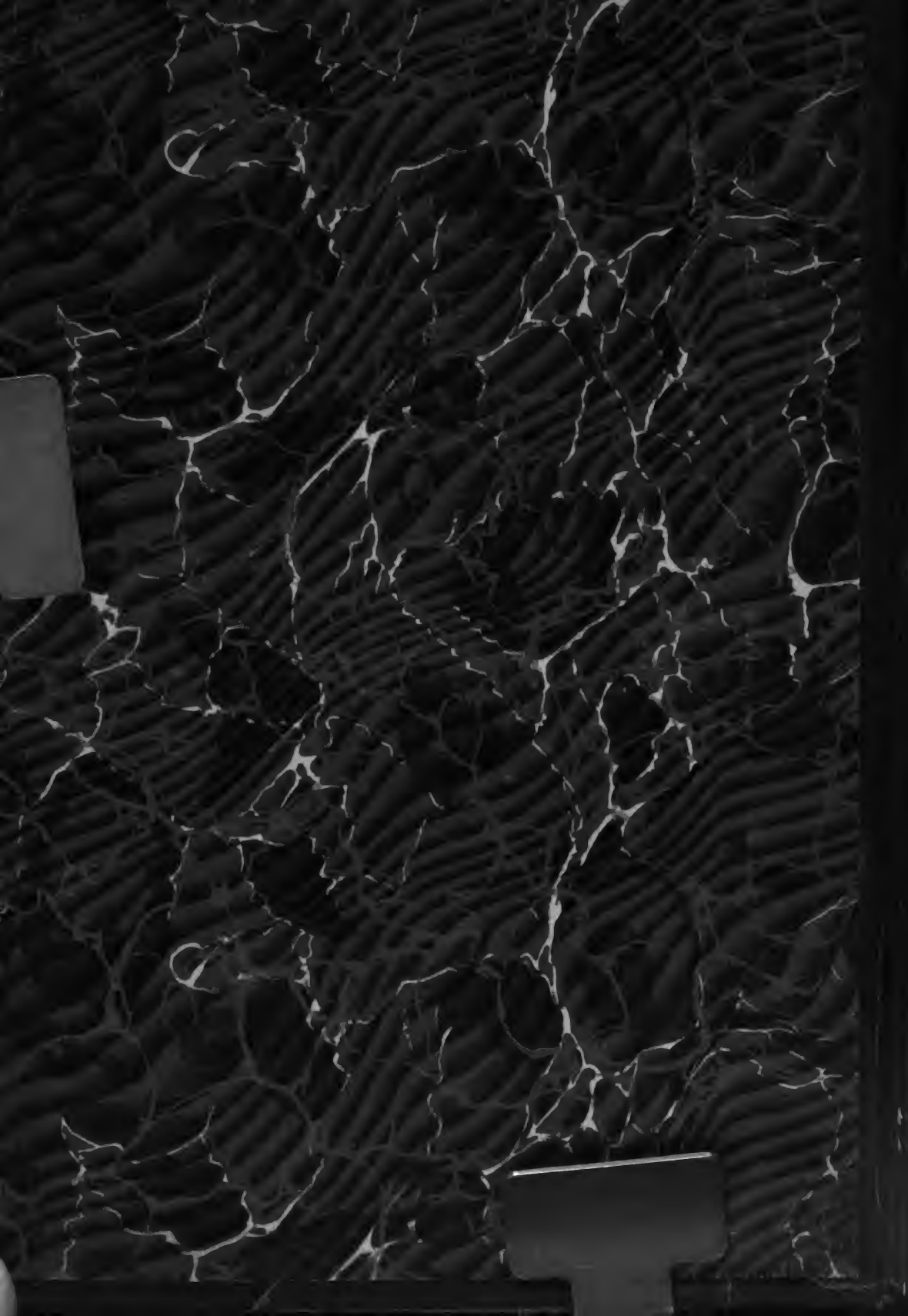


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UNIFICATION OF OUR BANKING SYSTEM UNDER
THE FEDERAL RESERVE ACT

OUR DEBT TO GREAT BRITAIN

INTERLOCKING BANK DIRECTORATES

THE FIELD FOR GOVERNMENT PAPER

By Charles A. Conant

BANKING IN CALIFORNIA

By W. R. Morehouse

THE BANK AS A CREDIT MACHINE

W. H. Kniffin, Jr.

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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-NINTH YEAR

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Unification of Our Banking System Under the Federal Reserve Act

"The soundest banking system possible for this country should embrace in its operations all banks which receive demand deposits and discount commercial paper."

THIS statement, contained in an address made by Benjamin B. Strong, Governor of the Federal Reserve Bank of New York, embodies a principle vital to the success of the Federal Reserve Banking System, namely, the unification of the scattered banks of the country under the leadership of a central organization of some kind, without of course interfering either with the independence of the banks themselves or limiting their local operations more than absolutely necessary on the ground of safety and economic efficiency.

The desirability of such unification is not merely theoretical but intensely practical.

In the first place, we may as well face the fact now as later, that the Federal Reserve System will be subjected to attacks.

These attacks will perhaps not arise from political sources, but will originate among the banks not members of the system. This statement is supported by historic precedents.

The first Bank of the United States, whose management from a banking standpoint was unassailable, nevertheless succumbed to attacks from the source indicated.

While the methods of the second Bank of the United States were the subject of much unfavorable comment, perhaps that institution might have survived for a much longer period had not the State banks then in existence regarded it with jealousy and made war upon it.

The Federal Reserve Act provides for a banking mechanism.

very much different from these two examples. But it nevertheless embodies a considerable degree of centralized control over banking functions. This may become, in time, the source of much hostility upon the part of banks not participating in the benefits of the system. However perfect may be the Federal Reserve Act in itself, and however carefully administered, the danger from this source can be removed only by having the State banks become a part of the new system.

In the address of Governor Strong from which a quotation has been made above, appears this statement:

"It [the Federal Reserve System] has already erased the word 'panic' from our financial lexicon."

While all must hope that this confident prediction may be verified, this hope can hardly be a certainty so long as nearly 20,000 State banks with some twelve billions of deposit credits remain outside the Federal Reserve System.

These 20,000 State banks operate under the diverse laws of forty-eight States. In a number of the States the banking laws and the system of supervision leave little to be desired; in others, the laws and the supervision are less satisfactory, while in some States banking regulation seems to have received little or no attention from the Legislature.

Under the operations of the Federal Reserve System it seems quite reasonable to hope that panics due to national bank suspensions are a thing of the past, for the flexibility of the note issues now provided for, and the rediscounting privilege accessible to all members, practically assure any solvent bank against demands that will compel suspension.

But this satisfactory state of affairs extends only to some 8,000 banks or less, leaving some twenty thousand without this protecting shield.

And as already intimated, the standards of bank regulation in some of the States are not such as to warrant confidence.

Upon the ground of safety, then, than which few things are of more primary importance in banking, the unification of the banks of the country into a single strong system must be regarded as highly desirable.

But perhaps the chief incentive to a unification of our banking system lies in the fact that the economic efficiency of the Federal Reserve Banking System will be hampered if not altogether defeated without it.

Lacking a direct relation to some 20,000 of the country's banks with credits aggregating approximately twelve billions of dollars, the Federal Reserve Board will find it a matter of extreme difficulty to regulate the discount rate and to exercise any measurable

control over the foreign exchanges, or even to enforce upon the banks of the country the degree of caution consistent with sound banking policy.

While the notes issued by Federal Reserve Banks are not available as a part of the legal reserves of the national banks, they will be so used by the State banks, thus adding to the country's bank reserves another element of credit. With \$346,000,000 of Treasury notes, some \$500,000,000 of silver and \$700,000,000 of national bank notes that may be thus employed, the additional use of Federal Reserve Bank notes in the reserves of State banks may constitute the final cupful of dilution that will cause gold to flow out.

As the State banks are not members of the Federal Reserve System, a sound policy in this respect cannot be required of them by the Federal Reserve Board.

This may prove a serious hindrance to the economic efficiency of the system, until the State banks can be brought into it.

The strength of the English banking system has been due in no small degree to the fact that since 1844 the banking credits of the country have substantially rested upon gold; and that as a matter of fact it has been of no practical consequence (prior to the outbreak of the recent war at least) whether a British joint-stock bank held its reserves in gold or Bank of England notes—the two being practically identical.

If the foregoing considerations are correct, it will be seen that the objects of bringing practically all the banks of the country into one harmonious system are:

(1) To secure coöperation between the Federal Reserve Banks and all classes of banking institutions.

(2) To assure greater safety to all banks and consequently to their depositors.

(3) To give to the Federal Reserve Board the necessary power over all the credit institutions of the United States so that the Board's regulation of discounts and the foreign exchanges may prove effective.

Perhaps to these three objects should be added a fourth, namely, that could all the banks of the country be thus brought together for coöperation for the public welfare, the Federal Reserve System would be less open to political antagonism which it may encounter because its privileges are at present limited to a minority of the country's banking institutions.

The means of bringing about a complete unification of the banking systems of the United States may be found in the Federal Reserve Act, particularly in section nineteen prescribing the ratio of reserves to be held against time and demand deposits, and in

section twenty-four permitting national banks except those in the central reserve cities to make loans on farm lands; and in the further provision empowering the Federal Reserve Board to endow national banks applying therefor with trust company functions (section eleven).

The two provisions which are first cited virtually, though not in specific language, set up savings departments in national banks. Prior to this enactment, the Comptroller of the Currency had ruled that while the National Banking Act did not authorize savings departments in national banks it did not prohibit them. But there can be no doubt that such authorization now exists in the sections cited.

The very much smaller reserve required against time deposits will be an incentive to national banks to segregate their time deposits from those payable on demand; and the authorization to make loans on real estate affords a convenient channel for investing a portion of such funds. The right to make investments in other stocks, bonds and securities is one which the national banks have long exercised.

It may be pointed out that the national banks in agricultural communities are now on a parity with State banks in making loans on farm lands, thus opening up to them a very large and important source of new business and added profit.

The Federal Reserve Board is empowered to confer trust company functions upon national banks, on request (section eleven).

If the Board shall take the view that it is the intention of the Act freely to grant such powers, and to place the national banks in a position to exercise practically the same functions as the ordinary trust company, the national banks will then have the broad powers of institutions of deposit and discount, banks of issue, savings banks and trust companies—all these functions employed under a single charter bearing the prestige of Federal authority, with no additional capital requirement, with substantially the same executive staff, and calling for but little in the way of additional clerical service or equipment of any kind.

This may result in gradually transferring to the national banks some of the \$4,000,000.000 of deposits which the Comptroller of the Currency reports as being held by State stock and mutual savings banks, and also draw into their coffers savings now held elsewhere.

It will likewise attract to the national banks a considerable amount of business of a very desirable character in the way of trust estates and in handling the various kinds of business now exclusively transacted by trust companies. This will, in many cases, preclude a rival trust company from being set up in a town where

at present only national banks exist, and it will likewise permit a community to have the advantage of trust company services in places where the business would not be sufficient to justify the operation of a trust company independently.

Whatever validity there may have been in the contention that the functions of a commercial bank and a trust company were incompatible, falls to the ground in view of the fact that most of the trust companies in the United States are commercial banks with trust company privileges added. The objections which have been urged against the union of these two branches of banking operations—or indeed against the three branches where a savings business is included—have been largely obviated by providing, as some of the States have done, for keeping the departments separate.

The immense growth of trust companies in the United States, far surpassing that of any other class of banks in recent years, shows the popularity of these institutions and their adaptability to the needs of modern business.

While the national banks have been far outnumbered by those operating under State authority, the additional powers which the Federal Reserve Act confers upon national banks will enable them to perform every banking function and to compete successfully with State banks. The latter will therefore find it expedient to avail themselves of the advantages which membership in the Federal Reserve System offers, thus bringing substantially all our banking units into harmonious relations.

The tendency of State banks to become members of the Federal Reserve System might be accelerated by adopting the following course of procedure:

- (1) Compile and disseminate among State banks a complete summary of the general advantages such membership affords.

- (2) Promulgate an outline of a system for installing and operating savings departments in national banks, under sections nineteen and twenty-four of the Federal Reserve Act.

- (3) Announce the readiness of the Board to confer trust company functions upon national banks in accordance with the terms of the Act. Formulate a system for installing and operating a trust company department in national banks.

By clothing national banks with the powers and functions of savings banks and trust companies, in addition to the privileges they already enjoy, their equipment for carrying on all kinds of banking operations, added to the prestige conferred by a national charter and membership in the Federal Reserve System, will be so superior to that of the State banks that the latter will find it to their advantage to seek membership in the system and incorporation under Federal law in order to retain their business.

(4) Adopt regulations relating to State bank members as liberal as is compatible with the terms of the law.

In this connection it may be stated, however, that inasmuch as State banks may not join the Federal Reserve System unless they possess the capital required for the organization of national banks (section nine), this will of itself exclude many State banks—perhaps the majority of them—from membership. In States like North and South Dakota, Nebraska and Missouri the number of State banks having a capital below the minimum prescribed for national banks is surprisingly large, perhaps exceeding those having the required capital.

It would appear that banks with a capitalization below \$25,000 might derive special benefits from the protection which membership in the Federal Reserve System affords, and since many of the smaller bank towns do not have sufficient business to warrant a larger capitalization, the question arises whether it would not be well to modify this particular provision of the Federal Reserve Act. Until this is done, many of the State banks must remain outside the system.

OUR DEBT TO GREAT BRITAIN

CONSIDERABLE attention has been paid to a statement made by David Lloyd George, British Chancellor of the Exchequer, in the House of Commons, in relation to the amount which is "owing" to Great Britain by the United States. The telegraphic summary of Mr. Lloyd George's speech attributes to him the statement that at the beginning of the European war the United States owed Great Britain about \$5,000,000,000. "But we could do no business," said the Chancellor.

It is apparent, as later explained by the Chancellor, that these stupendous figures refer to the amount of American bonds and stocks held in Great Britain, not to the ordinary obligations due at the end of last year, and which probably amounted to not more than \$300,000,000 at the outside, and which have been largely cared for either through special arrangements or in the course of trade between the two countries.

The long-term American securities which the British investor may hold can hardly be regarded as a debt owing to the holder until the obligation has matured; at least, it is not owing in the sense that payment can either be rightfully demanded or expected.

Nor are the stocks due at all; they simply represent the purchaser's share in the railway or other enterprise into which he has

put his money. The risk of a dull market, or of no market at all, at least temporarily, is one which every buyer of stocks takes. Had our British friends bought potatoes or wheat, instead of bonds and stocks, would they look to us for a market in case they had found that they had bought more than needed?

But they may say that when they bought our bonds and stocks, it was under the expectation that the free market for them then prevailing would be maintained.

Whether this expectation was justifiable or not, obviously our reply would be that we ourselves are not responsible for the conditions that destroyed the market, and in closing our Stock Exchanges we are only doing what London has done.

All this may be true enough; but it sounds a great deal like quibbling over something which we should face in square, manly, American fashion.

Let our bankers take up seriously the problem of finding means to take back our securities as rapidly as Europe desires to part with them. It can be done by a proper utilization of our banking and credit machinery, and especially by employing all the banks of the United States as retail distributors of securities.

If we show our readiness and ability to buy back our stocks and bonds as rapidly as Europe wants to sell them, it will no doubt very shortly result in diminishing the anxiety of the European investor to get rid of a security that sells when the market for everything else is closed.

This is not a time to evade prompt payment of our debts or to quibble over them in any way. That is not the method by which the credit either of individuals or of nations is built up and sustained.

INTERLOCKING DIRECTORATES

AFTER October 15, 1916, it will be unlawful for any person to be a director or other officer or employee of more than one bank, banking association or trust company organized or operating under the laws of the United States, either of which has deposits, capital, surplus and undivided profits aggregating more than \$5,000,000, and no private banker or person who is a director in any bank or trust company, organized and operated under the laws of a State, having deposits, capital, surplus and undivided profits aggregating more than \$5,000,000 shall be eligible to be a director in any bank or banking association organized or operating under the laws of the United States.

The only important exception is that directors or other officers or employees of a national bank or State institution may be connected with one other bank or trust company where the entire capital stock of one is owned by stockholders in the other.

If this provision remains unrepealed until the date named, it will necessarily lead to a great many changes in bank directorships, especially in the large cities, for several of the banks and trust companies have interlocking boards, in whole or in part.

It is very doubtful whether the evils alleged against this practice ever had anything like the huge bulk they were given by the anti-trust agitators; and even if they had, there are grave doubts whether any substantial remedy is offered by the law quoted. Any banker who wants a certain policy carried out can easily arrange for a pliant representative on the board of a bank in which a controlling interest is held.

The wave of anti-trust agitation is subsiding, and perhaps in another two years the law referred to may be modified. In case it is not, a great many banks will be deprived of the services of some excellent directors.

COSTLY MACHINERY FOR DOING A SIMPLE THING

THE costly expedient of hunting humming-birds with thirteen-inch guns has been adverted to by economists as an extreme illustration of the folly of using more force or machinery than necessary to accomplish a modest purpose. But this, in the estimation of some bankers, was about the course followed in the enactment of the Federal Reserve Law.

If we eliminate from the plans of the authors of the Federal Reserve Act the bombastic desire to slay the money trust and to set credit free—"springes to catch woodcocks"—the chief purpose of the new law was to impart a degree of elasticity both to currency and credit.

How easily this might have been done, without a particle of the elaborate and costly machinery set up by the Federal Reserve Act.

If the reserve city banks (or even those of the central reserve cities) could have issued their credit notes, this necessary element of elasticity in the bank-note currency would have been assured. Then it would have been possible for the existing reserve city (or central reserve city) banks to rediscount for other banks when necessary.

The bankers of the country whose views on currency and banking problems carry any weight know that this statement is true.

And they also know why legislation of this simple and efficient character was sidetracked in favor of something more elaborate, but which proved impracticable—the National Monetary Commission plan.

We very much fear that in this matter, so vital to the country's prosperity, the theorist and doctrinaire had his way and the practical man of affairs was shoved aside.

Now the new scheme is proving so costly that fears are already expressed that it will break down of its own weight.

Here is a part of the elaborate machine: Federal Reserve Board, Federal Advisory Council, Federal Reserve Agents, Federal Reserve Banks, Governors, Deputy Governors, Chairmen, Vice-Chairmen, with experts, clerks and officials, ornamental and otherwise, in endless procession—all entertaining a high estimate of the value of their services. To house these distinguished gentlemen will call for the renting or construction of new and costly buildings.

What is the chief purpose of all this vast outlay?

To impart just a little "give" to the country's credit once or twice a year and a little more "give" in those crises that from one cause or another visit the country occasionally.

So far as relates to the elasticity imparted to the note issues under the Federal Reserve Act, any one who has given the slightest attention to the matter must realize that notes could have been just as safely issued without any shipping back and forth of commercial paper, and that this expense, together with the interest charged for the use of notes, is a wholly unnecessary tax upon the commerce and industry of the country. And it must be equally clear that had the existing reserve city (or central reserve city) banks been permitted to issue their credit notes, it would so have economized their legal reserves that they could have afforded all the rediscount facilities required of them, thus obviating all the costly and expensive machinery of the new system.

Now the fear is already expressed that the Federal Reserve Banks are not going to earn net enough to meet their expenses, much less to pay any dividends, because there seems to be little demand for rediscounts from member banks. Unfortunately, through the complications caused by the war, the operations in the foreign exchange market, which in ordinary times might offer the Federal Reserve Banks a considerable source of profit, are now greatly circumscribed.

While the Federal Reserve System may not "pay" with its membership limited to the 7,500 national banks, a very different

result would be reached could all the State banks, or the great majority of them, be brought into the system.

That, to-day, seems to be the problem confronting the Federal Reserve Board, and the manner in which it is handled may determine whether or not the new system is to endure.

It is only fair to state that the Federal Reserve System would go far toward justifying itself could substantially all the banks of the country be unified under the new system, as pointed out in a leading article on a preceding page of this number of *THE MAGAZINE*.

THE NEW YEAR

CUSTOM has sanctioned the taking stock of the past and endeavoring, at the beginning of each New Year, to make some forecast of the future. Seeing how sadly have been disappointed the confident hopes expressed at the beginning of 1914, one may well question the utility of anything of a prophetic character. Of course, things might have gone very much worse than they have done—war, plague and famine might have been universal, whereas a considerable part of the earth remained exempt from these disasters. But the situation is bad enough.

We can see no wisdom in either an optimistic or a pessimistic frame of mind now or at any time. Is it not rather the part of wisdom neither to color things with too much of the rosy glow of hope nor to darken them with the gloom of despair? Is it not wiser, and on the whole better, to see things as they are?

And thus seeing, there is much in the present situation from which no satisfaction can be derived. The four mightiest nations of Europe embroiled in deadly conflict—over no one knows what—wasting hundreds of thousands of lives and spending billions of wealth piled up by the wearisome toil of labor upon whose already burdened back this fresh load must be placed—what warrant is there in this sickening spectacle for indulging in a foolish optimism? Unless peace shall come soon, and in a form assuring reasonable permanence, the outlook for the year 1915 is far from bright.

But there is some ground for comfort, if America firmly refuses to lose its head while so many other nations are losing theirs. If we see that our welfare depends upon the practice of industry and thrift and the observance of justice toward all mankind, we shall escape the dangers which threaten to engulf the world.

While the nations of the earth are fighting and destroying



**HON. MYRON T. HERRICK, WHO RECENTLY RETURNED HOME AFTER RENDERING
DISTINGUISHED SERVICE TO HIS COUNTRY AS AMBASSADOR TO FRANCE**

Mr. Herrick was long president of the Society for Savings, Cleveland, is a former Governor of Ohio, and ex-president of the American Bankers Association. He is deservedly popular, and his many friends believe he would make an excellent President of the United States.

property—and, alas! preaching and practising hatred—let us keep hard at work raising food to feed the hungry and making clothes and providing shelter for those who need them, realizing as far as may be the worth of just and kindly relations with all, maintaining, if we can, in this very dark hour in the world's history the hope that "somehow good will be the final goal of ill."

The Field for Government Paper

By CHARLES A. CONANT, Author of "The Principles of Money and Banking"

THE present war in Europe promises to put to a test again the possibilities and the dangers of the direct issue of paper money by the State. It is not probable, however, that the abuse of paper issues will be so flagrant as in previous wars—partly because the limitations of the field for making such issues without disaster are much better understood than in former times, and partly because other and better means of raising money, by direct taxation and by short and long-term loans, have been placed at the command of the State by the growth of wealth and the development of the mechanism of modern finance.

Like most questionable measures adopted during the evolution of the modern economic system, the issue of paper money by the State was not without its *raison d'être* on the occasions on which it found favor. The issue of paper to circulate as money had the advantage in the infancy of banking that it permitted borrowing from the public without individual initiative. Where the owner of capital was not educated to the point of bringing it to a bank for the purpose of deposit, he made the loan of his capital in fact by accepting a printed

promise, in lieu of metallic money, in exchange for his goods and services. In this way the use of paper credit and the reputation of individual issuers of currency became diffused among the public in a manner which could not otherwise have been attained.

It was not surprising that the State, witnessing the wonderful achievements of paper credit through the mechanism of banking, should believe that it could in time of need arrogate to itself the same almost miraculous power of exchanging printed promises for goods and services. It took time to impress fully upon the minds of men the wide differences between banking credit and public credit and the essential limitations of both.

The method of obtaining capital by the issue of notes proved at first so productive that it seemed to present unlimited possibilities. Experience has shown, however, that the need for any form of currency is limited substantially to the amount required to carry on the exchange of commodities and that if the amount is unduly increased, it ceases to be attractive either as a medium of exchange or as a store of value. Hence arise efforts to get rid of it by deposit, by loans made in

currency, which soon returns to the lenders, and by the exportation of the net surplus of currency in the only form in which it is acceptable abroad—gold coin or bullion. Then ensue impairment of the gold stock, suspension of specie redemption, depreciation of the currency, and the manifold uncertainties and evils which depreciation invokes.

In behalf of the issue of government paper in moderation, the arguments may be made that the stamp of the Government sometimes carries a greater assurance of security to the public than the stamp of a private corporation; that the Government is entitled to at least a part of the profits arising from the issue of paper upon which it confers the quality of a legal tender for debt; and that the employment of public credit in this manner tends to aid in familiarizing the public with the interest-bearing obligations of the Government.

The value of the Government stamp upon currency as a guarantee of its value has gained in importance in modern times, as Governments have become more scrupulous in fulfilling their obligations. The State is naturally the economic entity which is best known to the mass of its citizens or subjects and it commands a respect, often beyond its deserts, in the matter of its ability and willingness to fulfill its financial obligations. Hence it has come about that the public debts of the most advanced civilized States have been generally quoted on the stock exchanges at a higher price and a smaller interest return than the obligations of the strongest private corporations. This rule has been applicable, however, only to those States which have large resources and which have shown a scrupulous regard for their obligations. The confidence felt in their ability and intent to fulfill their long-term contracts has been easily extended in the popular mind to their paper currency. While this confidence has not been always fully justified, the wide notoriety of the name and credit of the State has made it a useful

resource in periods of crisis, when private and less known credit has been called in question. Hence, the usefulness of State issues of notes when other forms of currency are hoarded, when they fall under distrust, or when the issue of adequate amounts is hampered by restrictive banking laws.



WHERE free coinage of the standard metal prevails, alongside a sound banking system, the Government does not undertake to regulate the quantity of either the standard money or the paper currency. It simply provides by proper banking laws that the bank notes which are made legal tender by law shall conform to certain requirements as to uniformity, safety and public convenience.* The Government goes much further in the direction of controlling the supply of money when it issues directly paper promises of its own. Experience has shown that there is no authority in the State competent to determine arbitrarily the total amount of money required by the needs of business, but that it can be determined in the case of a bank-note currency, almost automatically, by the ebb and flow of banking operations. Notwithstanding this serious objection to the issue of the entire paper currency by the Government, the Government may be able to appropriate the profit derived from the circulation of paper, within certain narrow limits. These limits, as will be hereafter pointed out, are determined by the considerations that the Government restricts its issues to amounts which can be readily absorbed in the circulation; that it issues only the sub-stratum of the circulation, leaving the issue of the elastic element to the banks; and that such issues are confined to small denominations.

The first issues of bank notes which were made as instruments of credit

*For more complete development of this point, see the present writer's "Principles of Money and Banking," New York, Harper & Bros., Vol. II, pp. 24-26.

were based upon the soundness and good faith of the issuers, without regulation by the Government. Such instruments obviously could not be made an obligatory tender for debt. When the State intervened and declared that notes issued under certain conditions should be legal tender, it granted a privilege for which it might reasonably claim compensation. When it took the additional step, which has been taken during the past half century in practically every European country, of restricting the right to issue bank notes to a single institution—thereby creating a monopoly of the right of note issue—it was in a position to claim additional compensation for the franchise as well as protection for the public against the misuse of such a monopoly.



WHATEVER charges may be imposed by way of franchise taxes or participation of the public treasury in the profits of banks of issue, rest, therefore, upon these principles—that (so far as they are not taxes imposed in common upon all property) they are levied by way of compensation to the State for the grant of the two privileges of the legal tender quality of the bank note and the monopoly of its issue. Monetary experience has shown that this manner of obtaining compensation for the monopoly of issuing paper currency is much less opposed to sound monetary principles than the attempt of the State to benefit by direct use of the power of creating the tools of circulation. Upon the right to ascribe to the State some compensation for such privileges, however, rests in large measure the justification of the issue of Government paper. It is upon this principle that such issues, within narrow limits of amount, have been sanctioned in comparatively conservative States, like Canada and British India.

In Canada, a moderate amount of Dominion notes, issued by the Government, has been in circulation since

1866. By a law of 1880, it was provided that \$20,000,000 in such notes should be issued under the protection of a gold reserve of twenty-five per cent., and that any amount might be issued in addition, if fully covered by gold.* The limit of issues only partly covered was increased in 1908 to \$30,000,000 and under the impulse of the European war to \$50,000,000. The latter measure, which received the Royal assent on August 22, 1914, raised the amount of notes which might be issued at once to the credit of the Canadian Treasury by \$15,000,000 and made the total amount based only on the credit of the Dominion Government \$37,500,000. Under the provision for additional issues fully covered by gold, the amount of Dominion notes in circulation is much in excess of the credit portion, the banks alone having in their tills on August 30, 1914, an amount of \$98,306,347.

A forced market for the absorption of Dominion notes was created in the law providing for their issue, by the requirement that the reserves of the Canadian banks should consist of such notes in the proportion of not less than forty per cent. It was also provided that any bank making payments in currency should, if desired by the payee, pay any sum up to \$50 in Dominion notes for \$1 and \$2†. Notwithstanding these safeguards against presentment of the notes for redemption in excessive amounts, it was thought prudent by the war legislation of 1914 to suspend obligatory redemption in gold. This step did not visibly affect the acceptability of the notes in domestic transactions, but compelled the banks to call loans in New York and London, in order to strengthen their exchange funds. The opinion was expressed in banking circles that if strong represen-

*R. M. Breckenridge, "The History of Banking in Canada," National Monetary Commission, 1910, 61st Congress, 2d Session, Senate Document No. 332, pp. 105-107. It is declared by Mr. Breckenridge that no serious practical inconvenience has been caused by this system. "while the Treasury has gained considerably from the privilege of providing the small notes needed by the country at only nominal cost."

†Breckenridge, p. 122.

tations were made by the bankers to the Minister of Finance, he would at any time release a certain amount of gold; but the banks preferred to husband the national gold stock by calling in a portion of their foreign loans.*

In British India, the Government circulation has consisted substantially of the issue of paper certificates for the standard silver coins to the amount that the public preferred paper to coin. The total circulation of British India is estimated at about 1,800,000,000 rupees (\$584,000,000). That portion of the issue which is covered by the deposit of silver rupees can hardly be regarded as Government paper money in the strict sense of the term. The Government early discovered, however, that a sub-stratum of these issues could be safely based upon credit. The power to issue bank notes was withdrawn in 1861 from the three presidency banks of Bengal, Bombay and Madras, and a paper currency was established under Government supervision, upon a basis similar to Bank of England notes. The amount of the reserve which might be invested in securities was fixed, in 1861, at 40,000,000 rupees (\$13,000,000), but was increased by successive stages of 20,000,000 rupees in 1871, 1890, 1896, 1905 and 1911, when it was fixed at 140,000,000 rupees (\$45,350,000). The minimum denomination, first fixed at ten rupees (\$3.25), was reduced in 1871 to five rupees (\$1.62½). The notes are legal tender, and are redeemable directly only in silver rupees. By an act of 1898, the issue of notes on the security of gold deposited in England was authorized up to July 21st, 1900, and this provision was afterwards extended in scope and made permanent. Under an act of 1905, full power was given to the Government to hold the metallic portion of the reserve, or any part of it, in its discretion, either in London or in India, in gold coin or bullion, or in rupees or silver bullion, subject only to the limitation that all coined rupees must be kept in India.†

The element of conservatism in the

issue of paper, which has marked the policies of Canada and British India, is a smaller factor in the recent Government issue created for Australia. The Australian banking system suffered, before the union of the different provinces, from lack of uniformity of regulation. It was also threatened by the tendency to State socialism, which took form in 1910 in a law providing for the substitution of a Government note issue for the circulation of the banks. The law provided that six months after its passage, the issue of notes by the separate States should be prohibited and that future issues by incorporated banks should be subject to a heavy tax. The Federal Minister of Finance was charged with the issue, retirement and general management of the new note issue, which was made legal tender throughout the Australian States. The notes are redeemable in gold at the capital, and are protected by a reserve of twenty-five per cent., up to the amount of £7,000,000, beyond which amount they are fully covered by gold. The Minister of Finance is authorized to employ the proceeds of the note issue to strengthen the gold reserve, to buy Government securities, or to make deposits in the banks. He is authorized to issue Treasury four per cent. bonds for a term not exceeding five years, if necessary to protect the notes. A leaf is taken from the Canadian law to compel the banks to use the notes, by the provision that they shall make twenty-five per cent. of their disbursements in federal notes upon the request of clients.‡

The minimum denomination of the Government notes is ten shillings (\$2.44), with issues also for one, two, five and ten pounds, and multiples of £10. The minimum denomination of bank notes before the law of 1910 was £1, and it will be interesting to observe how far the new Government

*Montreal despatch in New York Journal of Commerce, September 29, 1914.

†Keynes, "Indian Currency and Finance," p. 48.

‡Lévy, *Banques d'Emission et Trésors Publics*, pp. 312-13.

notes for ten shillings will tend to drive from circulation the large amount of gold coin in the country, which was estimated to be \$199,100,000. or \$46.80 per capita, at the close of 1910. Already, however, the bulk of this gold was held in the banks, the amount in circulation being computed at only about \$3.40 per capita.* The issue of notes, even before the law of 1910, played but a small part in Australian banking, amounting in 1909 to only three per cent. of deposits and the specie held being about eight times the circulation.



THE determination whether Government issues of paper are sound or unsound, turns substantially upon the question, whether they circulate without distrust on an equality with the standard metal or whether they become themselves the standard of value or threaten to become so. It has been established by modern experience that so long as the medium of exchange is kept at parity with the standard of value, it need not be composed of the metal which constitutes the standard. It may be only a token, if it is convertible into the standard. Even Government paper which is not directly convertible may obtain general acceptability as a means of carrying on exchanges, provided that contracts and larger transactions are fulfilled in the metallic standard or in instruments of credit which are convertible into the standard.

Government paper in such cases, especially when confined to small denominations, serves the purpose of a counter or ticket, certifying that the holder has parted with goods or rendered services of the nominal value set forth on the ticket. The successful use of token currency of this kind, within narrow limits, has encouraged the fallacy that such counters could be employed as certificates of exchange for all commodities and services. It is not necessary here to point out the fallacy of this doctrine, but only to

emphasize the fact that the person who sells goods or renders services must have the assurance that the instruments of credit which he receives are convertible into an article of general exchangeability—in other words, in advanced commercial nations, into gold, which constitutes the metallic standard.†

Within the narrow limits of the demand for currency for small transactions, however, use has often been found for limited amounts of paper currency issued by the State, and even for considerable amounts, when retail transactions are hampered by crises in the field of credit. In order that such currency may retain its normal value, it must be subject to one or the other of two conditions—there must be complete absorption in circulation of the amount issued, or there must be practical redemption in the standard metal. So long as Government notes are in demand for carrying on retail exchanges, the question of their direct redeemability in the standard is of minor importance, because indirect redemption occurs through their receipt by the Government for public dues and their acceptance at the banks at par with bank notes, which are redeemable in the standard.

The sudden enlargement of the demand for notes which occurs in a period of crisis, is usually due to the collapse of other forms of credit, and the consequent hoarding of currency of the usual types. That such hoarding is not due primarily to the intrinsic value of the thing hoarded is indicated by the fact that token currency is hoarded indiscriminately with currency of full metallic value. This was peculiarly noticeable in the United States in the crisis of 1893, when the fear existed that the country might descend to the silver standard. Silver certificates, although redeemable only in silver dollars worth about sixty per cent.

*Annual Report of the Director of the Mint (United States) for 1911, pp. 44-45.

†For further discussion of this subject, vide the writer's, a "Principles of Money and Banking," Book VI, ch. VII.

of their legal parity, were in the same demand, and were sold at the same premium to those who desired currency, as were United States notes or gold certificates.* A like phenomenon occurred in France at the outbreak of the recent war in Europe, when silver five-franc pieces and the token coins of one franc and two francs disappeared from circulation in the same manner as gold, although the value of the coins as silver bullion was only about thirty-five per cent. of their face value.

The underlying reason for the hoarding of coins of this sort is the fact that they represent exchangeability for commodities and services at the same rates as gold coins. The persons hoarding the silver coins do not look so far ahead as the possible failure of the Government to maintain the gold standard, and the consequent depreciation of the silver coins to a fraction of their gold value, but simply consider the fact that if debts due to them are not paid promptly and the banks do not honor checks and drafts for their full amount, it will be desirable to have cash on hand obtained from other sources. Their immediate need is for a means for carrying on exchanges, even if such means lack the substantial guarantees of the gold coinage or of notes redeemable in gold. Hence, the ready acceptance of the notes for five francs and twenty francs, which were promptly put in circulation by the Bank of France.

It was the similar phenomena of the suspension or ordinary forms of credit which, at the outbreak of the war in Europe, caused the ready acceptance of new paper issues in Great Britain, Italy and the Netherlands. In Great Britain, it was very clear that the disappearance from circulation of gold and silver coins was due chiefly to the suspension of other forms of credit and the necessity for having in hand something which was generally exchangeable. The smallest note of

the Bank of England was for £5 (\$24.44) and the disappearance of gold sovereigns and half sovereigns left the country practically without a medium for carrying on small transactions. The necessity for an immediate remedy led the Government to issue about £27,000,000 in notes for £1 and ten shillings. These notes were advanced by the British Government through the Bank of England to joint stock banks and other bankers, which were able to put them in circulation by payment to depositors and in other current transactions. The Government endeavored to give the stamp of safety to these notes by setting aside Government securities, and paying in certain amounts in cash to the Bank of England. The new notes were made legal tender, and at first no direct provision was made for their redemption in gold. Early in September, however, the gold resources of the Bank of England had been so strengthened that it felt able to set aside, to the credit of the Government, a fund of £3,000,000 in gold, which was soon increased to £3,500,000 and which, it was announced, would be employed in changing the notes for gold at the bank counters.

An important check was imposed upon excess issues of notes by the provision that they should be "treated as an advance by the Treasury, bearing interest from day to day at the current Bank of England rate, the security for the Treasury advance consisting of a floating charge on the assets of the bank up to the amount of the notes issued." The amount advanced to bankers was limited to twenty per cent. of their deposit liabilities. The banks were permitted to repay any part of the advance at any time to the Bank of England, and amounts thus repaid are applied by the bank to the cancellation of emergency notes in hand or are held against those which may come in. A significant feature of the plan was the advance of considerable sums to the savings banks, the statement of September 16, 1914, showing advances

*Vide Noyes, "Forty Years of American Finance," pp. 190-96.

to the postal savings banks of £2,250,000 and to the trustee savings banks of £1,350,000.*

The action of the Government of the Netherlands and the Government of Italy in this emergency was of a similar character. In the Netherlands, the public made demands upon the National Bank for silver in exchange for paper, partly because silver was hoarded to some extent and the lowest denomination of currency available in paper was ten florins (\$4.02). In order to meet the demand for small change, the Government issued paper called "silverbons," of the denomination of one florin (40.2 cents) two and one-half florins (\$1.00½) and five florins (\$2.01). These notes were declared legal tender, were issued to the amount of about 15,000,000 florins, and were made exchangeable for silver only at a date to be fixed in the future. The mints were set at work at the same time in coining silver as rapidly as possible, and the municipalities of Amsterdam and Rotterdam issued their own "bonds," pending the completion of the Government notes. These municipal issues, however, were made only against deposits of ordinary bank notes and were soon retired.† In Italy, the Government authorized the issue of new State notes of denominations of one, two, five and ten lire (\$1.98) covered in part by silver currency in the Treasury.‡



WHERE issues of Government paper form only a limited part of the circulation, a certain degree of immunity from their presentment for redemption in gold is obtained by splitting up the issues into small denominations. This can be carried out only to the extent, of course, that such denominations fulfill a useful function; and this appears to have been the character of most of the issues made at the outbreak of the European war. Thus, it was declared of the notes issued by the government of the Netherlands, "These 'bons' are really 'fiat' money,

but one demanded by the public, and not forced upon them."§



THE theory prevailed in the early history of banking that the issue of notes should be confined to large denominations, because they might become, in the hands of a numerous body of small and ignorant holders, a menace to the reserves of the banks or the Government. This view was perhaps encouraged by the rapid depreciation of the *assignats* issued during the French Revolution, which, after they ceased to bear interest, were gradually reduced from a minimum of fifty livres to twenty-five livres, five livres, and finally to small fractions of a livre. But the issue was not made in the beginning upon a sound basis and the amounts soon became as excessive in the lower denominations as they had been at first in the higher. By a decree of May 6, 1891, an issue of 5,000,000 livres in denominations of 1,000 and 2,000 livres was converted into notes for five livres.¶ This was only an incident in the steady outpour of paper which has afforded a warning for all time to come of the dangers and costs of excessive and unsound paper issues.

It is not surprising, in view of these experiences, that the early statutes of the Bank of France limited the denomination of notes to a minimum of 500 francs (\$96.50),|| and that the Bank of England was authorized to issue notes for £1 (\$4.88) and £2 only upon the suspension of specie payments in 1797. Later experience has tended, however, to demonstrate the contrary view—that notes for small denominations become so widely dif-

*Wall Street Journal, October 1, 1914.

†London Economist, September 12, 1914, Vol. LXXIX, p. 457.

‡New York Evening Post, September 25, 1914..

§London Economist, September 12, 1914, Vol. LXXIX, p. 457.

¶Cf. La Monnaie et le Papier-Monnaie, Commission de Recherche et de Publication des Documents relatif à la vie Economique de la Revolution, Paris, 1912, p. 17.

||Laborie, Paris sous Napoleon; Le Monde des Affaires, p 153.

fused among so great a number of holders, and are so necessary for carrying on retail trade, that they are not so likely to be presented for redemption as notes for large denominations. It is not ordinarily the man who has a dollar or two who studies narrowly its relation to the gold stock of the country, but the large dealer in money and especially the dealer in foreign exchange and in coin and bullion. They find greater difficulty and incur greater cost in gathering together considerable amounts in small notes than in those of large denominations. This modern view was vigorously expressed by M. Ribot in the debates on the renewal of the charter of the Bank of France in 1897, in these terms:*

"It has been demonstrated, much to the astonishment of the economists and financiers of the old school, that it is the small denominations—those little notes of which they have such an in-

certificates, in 1886, from \$10 to \$1 and issuing certificates also for \$2 and \$5. Within less than three years, on June 30, 1889, the amount in silver certificates in denominations below \$10 reached \$133,725,376, or more than half of the total of \$262,629,746 outstanding.† By similar legislation at later dates, United States notes also ceased to press upon the gold reserve established by the Act of March 14, 1900, as it became possible to distribute them widely in small denominations. As a result, they have hardly been used at all to draw gold from the Treasury during the recent period of stress, and the weapon almost solely employed has been the gold certificates, of which the bulk are in large denominations. The manner in which both silver certificates and United States notes have been thus rendered harmless by being cut up into small notes is shown in the following table:

DENOMINATIONS OF U. S. PAPER ISSUES
June 30, 1914

Denomination	U. S. Notes	Silver Certificates	Together
Five dollars or less.....	\$206,187,173	\$452,957,129	\$659,144,302
Ten dollars	93,753,256	20,993,971	114,747,227
Above ten dollars.....	46,740,587	16,898,900	63,639,487
Total	\$346,681,016	\$490,850,000	\$837,531,016

stinctive horror, and which they believe so menacing to the security of the bank—which are the best distributed throughout the circulation and those whose holders demand payment the least when a crisis looms on the horizon."

Striking evidence of the soundness of these views is afforded by the monetary history of the United States, where the problem of protecting the gold reserve of the Government has several times been made easier of solution by reducing notes of inferior quality to small denominations and diffusing them widely in the work of retail payments. The menace of the obligatory coinage of silver dollars under the Bland act of 1878 was thus turned aside for a time by reducing the minimum denomination of silver

These figures show that nearly eighty per cent. of the total of these two forms of Government notes were in denominations of \$5 or less and that less than eight per cent. were in denominations above \$10.

Very different was the use made of the gold certificates, of which a large proportion were in large denominations, which were stored in the reserve vaults of the banks. Upon this fund of private gold fell very properly the weight of the demand for export during the spring and summer of 1914, which in four months sent about \$130,000,000 of gold abroad. The effect upon the total amount of gold certificates out-

*Quoted by Decharme, *Les Petites Coupures des Billets*, p. 287.

†Finance Report, 1889, appendices, p. 15.

standing was a reduction of about \$169,000,000, which affected those of the denominations of \$5,000 and \$10,000 in the ratio of about thirty-seven per cent., while affecting those of smaller denominations by only about five per cent. The exact figures of these changes appear in the following table:

U. S. GOLD CERTIFICATES OUTSTANDING

Denominations	April 30, '14	Aug. 31, '14	Reduction by Redemption
Total outstanding	\$1,158,997,869	\$989,314,869	\$169,683,000
For \$10,000	248,230,000	156,490,000	91,740,000
For \$5,000	88,595,000	52,590,000	36,005,000
Lower denominations	822,172,869	780,234,869	41,938,000



THE policy of confining their issues of paper to small denominations has been generally pursued by conservative Governments in time of peace, as well as by England, Italy and the Netherlands in their recent war issues. In Canada the banks are restricted, as in the United States, from issuing notes for less than \$5, and practically the whole of the Government circulation is in notes for \$1 and \$2, until the denomination of \$500 is reached. In this denomination and in those for \$1,000 and \$5,000, the volume of Government issues expands, because these large notes are found useful by the banks in settling their clearing-house balances, in much the same manner as gold certificates are used in the United States.*

In British India, notes are issued freely for all denominations, because the Government issues fill the entire field in which paper currency is employed. The denominations are nominally five rupees (\$1.62½), ten, twenty, fifty, 100 (\$2.50), 500, 1,000 (\$3.25) and 10,000 rupees (\$8,250); but those most used above ten rupees (\$3.25) are the notes for 100 and for 1,000 rupees, for the same purposes of settling banking balances and other large transactions as in Canada.† Up to a recent date, the paper circulation

in India could not be considered a large factor in the total stock of currency in use, which consisted chiefly of coined rupees. During the seven years ending March 31, 1918, however, there was an increase of nearly 50 per cent. in the paper circulation, which left the amount outstanding at 689,778,240 rupees (\$224,178,000).

This is more than one-third of the rupees in circulation and about one-fourth of the combined circulation of rupees and paper.‡ The problem of permitting adequate elasticity in the circulation grows more serious in the ratio that Government paper bears to the total and in the degree that bank notes are excluded. The real problem of the circulation in India pertains, however, to the manner of operation of the gold exchange standard and the pending proposals to create a central bank, neither of which subjects can be taken up here.



THE most essential safeguards, therefore, in the issue of Government paper, as shown by monetary experience, are the limitation of the quantity and the diffusion of such issues in small notes, which are likely to remain in the hands of the public with comparatively little regard to changes in the ebb and flow of credit. The system of partial redemption, which exists through the receipt of these Government notes at the post offices, custom houses and for taxes, is

*Kauffman, *Bank-Notes, Monnaies et Arbitrage*, p. 32.

†Royal Commission on Indian Finance and Currency, 1913, Appendices, Vol. I, p. 240.

‡Cf. Keynes, *Indian Currency and Finance*, pp. 149-55, where the public circulation of rupees is distinguished from the total outstanding.

usually adequate to keep them at par with gold, providing the issues are not greatly in excess of the absorptive power of retail trade. The underlying element of safety in such issues is the fact that they tend to leave the elastic element of the circulation to be determined by the ebb and flow of gold, or to be provided by the banks.

Such an element of conservatism as may be found in systems where the Government aims to issue all the paper currency, as in Australia, is due to the fact that issues above a certain point are covered in full by gold. This system permits the exportation and importation of gold to meet changes in credit conditions, but has the disadvantage that it imposes a heavy expense upon the community in the investment of capital required in gold coin and bullion. It has the further disadvantage that the movements of money are affected only indirectly by changes in the volume of internal trade, instead of responding directly to such changes, as under those systems where the elastic element of the circulation is provided by the banks. The banks, through their intimate relationship with the movement of business, are able to limit their issues strictly to

the requirements of commerce. They are able also to protect their reserves and maintain the redeemability of their notes by a variety of banking measures which are not at the command of a public bureau or official. The Government is not a lender on short-term obligations and therefore has no means of contracting its issues through the curtailment of loans. For the same reason, it cannot influence the movement of money by raising its charge for loans. Even where it maintains a reserve in gold, it has no means of replenishing its gold stock in case it is depleted, except by the issue of other obligations, and it ordinarily has no such forms of obligations as are available to a bank and which can be quickly extinguished when the occasion for which they were issued has passed.

The field of Government paper issues, therefore, is still a restricted one, subject to careful and conservative experiment as to its scope and possibilities, but not entirely unavailable within certain limits in countries whose credit is well established and where sound principles of monetary circulation are clearly understood and generally adhered to by the banking community and the Government.



“PUBLIC prosperity is like a tree; agriculture is its roots; industry and commerce are its branches and leaves. If the root suffers the leaves fall, the branches decay and the tree dies.”

—FROM THE CHINESE.

Banking in California

By W. R. MOREHOUSE, Assistant Cashier German-American Trust and Savings Bank, Los Angeles, Cal.

HOW THE NEWCOMER FINDS BANKING IN CALIFORNIA

AS California not only shelters hundreds of visitors every winter, but provides each year permanent homes for tens of thousands of the best citizens of our Middle, Eastern and New England States, the subject of banking in California is, therefore, of special interest.

Facts concerning banks and banking methods are not often thrust upon the public notice, and it is safe to assume that by far the greatest number of people who come to California know little of her great banking system. For this reason a few facts concerning banking in California are given.



THE FIRST BANK WEST OF THE ROCKY MOUNTAINS

CALIFORNIA boasts of the first bank west of the Rocky Mountains. In 1850 Mr. D. O. Mills and Mr. E. J. Townsend formed a co-partnership for the purpose of doing a banking business at Sacramento, then known only as a little mining center, but which is now the capital of the State. Two years after this partnership was formed, Mr. Townsend disposed of his holdings to Mr. Edgar Mills and Mr. Henry Miller, these gentlemen retaining their interests until 1878 and 1898 respectively. Out of this small beginning in the "Gold Days" in California, has grown a substantial bank; and to-day we have as the successor to the first partnership

bank in the West, The National Bank of D. O. Mills & Company.

The part, which this first bank has had in the building up of the great State of California would be most interesting reading. The president, Mr. C. F. Dillman, can boast of a remarkable record, having been actively associated with this bank for more than thirty-five years.



THREE OF THE LARGEST BANKS WEST OF CHICAGO ARE IN CALIFORNIA

THE newcomer will not only find that California can boast of the oldest bank on the Pacific Coast, but that operating within her boundary lines are three of the largest banks west of Chicago.

Of these the Hibernia Savings and Loan Society, located at San Francisco, is the largest, with deposits aggregating more than \$55,000,000. This savings society, for it does not carry commercial accounts, was organized in 1864, and has the distinction of being one of the very few Western banks which conducts its affairs along strictly mutual lines, similar in many respects to plans adopted by the century old savings societies of our New England States. Like them, the "Hibernia" has no capital stock. After paying a good rate of interest for more than fifty years this bank has accumulated a surplus of nearly \$3,500,000.

The German Savings and Loan Society, also located at San Francisco, is nearly as large in point of deposits, while in Southern California the Se-

curity Trust and Savings Bank, located at Los Angeles, has deposits in excess of \$44,000,000. Although the "Security" is third in aggregate deposits, it has nearly 100,000 depositors, or just one-tenth of the total number of savings bank depositors in the entire State.

Notwithstanding banks were not established in California until 1850, there are to-day under State supervision more than five hundred banks and trust companies with an aggregate capital, surplus and undivided profits of \$100,000,000; deposits of \$575,000,000, owned by 1,000,000 people.

The combined banking strength of the State is obtained by adding to the above figures the capital, surplus and undivided profits, and the deposits of the national banks, operating in the State, but under the Federal Government. With the national banks included, the banks of California have a capital, surplus and undivided profits of \$200,000,000, and deposits of \$935,000,000.



NO BETTER BANKING LAWS ANYWHERE

THE California Bank Act is recognized by lawmakers to be the most complete code of bank laws to be found in the United States. With the competent Superintendent of Banks, of which California can boast, rigidly enforcing these laws, the possibility of loss to depositors through bank failure is reduced to the minimum.

This Bank Act contains no less than one hundred and forty-seven sections, many of which are divided into subsections. Every phase of the operation of State banks, savings banks and trust companies is treated at length; and so thoroughly has the field been covered that any improvement which might be made would only be of minor importance.

The newcomer is especially interested in these laws because in coming to

California Eastern banking relations are automatically severed, making it necessary for him to establish similar relations with a bank of which perhaps he knows little. As it is not always convenient for the newcomer to secure a copy of this act, a few sections selected at random are presented for his direct benefit.

Bank directors are usually chosen from among the men of any city who have made a success in business, and who stand above reproach, and because such men stand so high there is every assurance that the bank directed by their efforts will likewise succeed. However, the California Bank Act is so specific, that one section deals with the duty of a bank director.

SECTION 11. The board of directors of a bank must hold meetings at least once a month. Each director, when appointed or elected, shall take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such bank, and will not knowingly violate or wilfully permit to be violated any of the provisions of the law applicable to such bank*****

The use of banks by directors, officers, employees and controlling stockholders, solely for personal gain, has long since ceased to be a public menace. The act treats with this subject in the following explicit manner:

SECTION 35. No director, or officer, or employee, or controlling stockholder, of any bank shall, directly or indirectly, for his own account, for himself, or as the partner or agent of others, sell or transfer, or cause to be sold or transferred to the bank of which he is a director, officer, employee or controlling stockholder, any note or bond, secured by any mortgage or trust deed, or real estate or any contract arising from the sale of real estate in which such director, officer, employee or controlling stockholder is personally or financially interested, without the consent in writing of the Superintendent of Banks**

A practice that prevails in some localities is for persons of more or less responsibility to attempt to overdraw their accounts. Many cases are on record where this practice has been tolerated by certain banks throughout the United States with serious con-

sequences. The California Bank Act makes it a felony for an officer or employee of a bank to knowingly overdraw his account, or to permit persons, firms or corporations to do so.

SECTION 39. Any officer, director, agent, teller, clerk or employee of any bank who either:

First—Knowingly overdraws his account with such bank, and thereby obtains the money, notes or funds of any such bank, or

Second—Asks or receives or consents or agrees to receive any commissions, emoluments, gratuity or reward, or any money, property or thing of value, for his own personal benefit, or of personal advantage, for procuring or endeavoring to procure for any person, firm or corporation, any loan from, or the purchase or discount of any paper, note, draft, check or bill of exchange, by such bank, or for permitting any person, firm or corporation to overdraw any account with such bank, is guilty of felony*****

Bank failures are generally traceable to poor investment of the bank's fund, chief of which is mining stocks and shares. In California all banks under State supervision are PROHIBITED from investing in mining shares and stocks.

SECTION 67, Paragraph 5. No savings bank shall purchase, invest or loan its capital, surplus or THE MONEY OF ITS DEPOSITORS or any part of either, in mining shares or stocks. Any president or managing officer who knowingly consents to a violation of any provision of this Section, shall be guilty of a felony.

With the more than one hundred and forty other sections of this act treating with banking in California in the same careful manner, the newcomer need have no fear as to the soundness of the bank with which he chooses to establish banking connections.



BANKING METHODS THAT WILL SURPRISE THE AVERAGE NEWCOMER

CALIFORNIA banks operate along lines, many of which are different from those of our old Eastern banking societies; the chief point on which they differ being in quality of service

rendered and methods used for getting new business. A great surprise awaits persons who have never received much in the way of efficient service, for the banks in California make a strenuous effort to render banking a pleasure. And still a greater surprise awaits the newcomer if he has been the patron of a bank which has not been aggressive as a business-getter, for in this respect the banks in California outrank those of any other State.



EFFICIENT SERVICE

SO efficient is the service rendered by banks in California that it is considered a pleasure to transact business with them. Without losing any of the prestige which goes with his honorable calling, the banker has made himself the servant of the public; and instead of being unapproachable he is constantly within the reach of all of his patrons without regard to wealth or social standing.

Not only are the officers available for counsel and advice, but the employees are required to extend to all patrons every courtesy within their power; and their ability to do this in a highly satisfactory manner has been made possible by years of training, and also by having at their command complete banking facilities. Instead of being mere machines whose only function is to receive and pay money, the employees are regarded as living individuals. The mechanical side which predominates in so many of our Eastern banks has been supplanted in California by the human side, and thus every patron feels that there is a sincere desire on the part of officers and employees to be accommodating. Under no circumstances need the newcomer hesitate to ask a favor of the bank employee, nor need he approach the bank's officers with the sense that he is trespassing on forbidden territory; for to answer his questions and to give counsel and advice, is just as much a part of the bank's efficient ser-

vice as to receive his deposits and pay his checks.

If the newcomer wishes a conservative valuation of real estate which he contemplates buying, this information can be obtained through his banker; or if he wishes to buy bonds the banker will gladly direct him to a bond dealer of good reputation. If he desires to make his will, any departmental bank or trust company will draw it for him, and in most instances free of charge. In fact, it does not matter whether his business is of great importance or trifling, the newcomer will find that the California banker will oblige him gladly.

So important a factor is efficient service in the operating plans of many California banks that they have emphasized this phase of their life by using mottoes which convey to the public mind the quality of their service. One bank uses the words, "The Bank With the Efficient Service"; another bank, "The Savings Bank with the Personal Service"; another, "The Bank That Treats You Right"; and still another, "The Bank for Everybody"; these and many other mottoes equally appropriate are used by banks to describe their service, and this feature more than any other will be a great surprise as well as giving pleasure to the newcomer in California.



BANK ADVERTISING AS THE NEWCOMER WILL FIND IT

OF the many publicity plans which have originated in California, bank advertising is among the foremost. It has taken less than ten years for the majority of banks in this State to prove that "Bank Advertising" properly used is one of the really effective agencies for getting new business. It is now a common saying among California bankers that "the bank which judiciously advertises for new business invariably gets it."

As elsewhere throughout the world,

bank advertising was at first a very much misunderstood agency, therefore its operation for a number of years was confined to only a few banks. However, as fast as it came to be better understood, opposition to its use as a means to publicity, gradually disappeared, until to-day there are but few bankers in California who do not regard it as one of the necessary elements which enter into successful banking.

This effect has been revolutionary, inasmuch as it has completely changed views which our bankers have held for centuries. From time immemorial banks throughout the world have maintained that it was beneath the dignity of sound banking to solicit coöperation and support from the public, yet this is what bank advertising is doing to-day.

That circumstances had much to do with its debut into banking circles is seen in the following incident.

Hidden by a theatre on one side and a large clothing store on the other, was a small bank in Los Angeles known as the Union Bank of Savings; and it was in this little out-of-the-way place that Bank Advertising received its first serious support. Owing to its obscure location this little bank did not make a growth commensurate with the progress of other institutions, consequently it was not even a competitor with the smallest of the other Los Angeles banks.

As days passed without any material gain in deposits, the officers became more and more convinced that if the Union Bank of Savings was ever to take a place among representative banking institutions it must move to a prominent place on the street. The fact that its present location was undesirable for banking purposes was frequently emphasized by patrons who complained that they had passed and repassed the bank before recognizing the entrance thereto. To move to the corner or to an inside location would not only greatly increase the annual rental, but entail an immediate outlay of considerable money for more mod-

ern fixtures. To a bank with only \$38,000 deposits a move of this kind would seem to invite disaster. However, to remain was to retrograde, so after much deliberation, it was decided to try display advertising as a means of relief, although this agency had never before been utilized by local banks, and the move would mean pioneering.

The first ad. published in a morning paper brought forth considerable comment, both for and against the step taken. Remarkable as it may seem, the first ad. actually brought a response from a few people and several new accounts were the immediate results. The publicity campaign which closely followed brought additional encouragement, until the daily results were so gratifying that a permanent place was made for Bank Advertising in the business-getting plans of this bank.

After a year or more the storm of criticism from bankers appeared to have reached a turning point, for one by one those who at first opposed the use of advertising became willing to give it a fair trial.

From the beginning the public appeared to heartily approve of the use of this agency by banking institutions. There was something about the ads. which made them appear extremely friendly to the average person. From time to time information concerning local banks which had never been published before was given out over the signature of the officers, and this information was both interesting and instructive; then there was mature advice concerning investments; much was published concerning thrift; plans for saving money were outlined; and many other subjects of interest discussed.

Bank deposits in the Union Bank of Savings began to grow from the day the first ad. was published. At the end of three years deposits reached the \$3,000,000 mark. This bank is now known as the German American Trust and Savings Bank, and it occupies one of the prominent corners

at the junction of two of the principal streets in Los Angeles. Its banking offices and equipment are as good as any west of Chicago. Instead of being least of the banks in this growing city of 500,000 population it is now second, having \$20,000,000 in deposits and more than 50,000 patrons. This savings bank and trust company is known on the Pacific Coast as "The Conservative Bank with the Efficient Service," and it is also the bank that advertises for new business and invariably gets it.

It is the large amount of advertising done by some of the California banks which attracts the newcomer's attention almost immediately upon his arrival. Owing to the absence of this element in the life of many of our Eastern banks, it would not be unreasonable if the newcomer should hesitate to open an account with the bank which advertises on a large scale. However, it will only require a brief study of the matter used to give him the right perspective, when he will see that instead of indicating that the bank is distressed for new business it is really operating along modern lines. Many of the ads. will be found educational in nature and as such profitable reading. Running through every ad. is the golden thread of Thrift, and no person can read these ads. without coming to the conclusion that the banks which encourage the greatest number of people to save their money by depositing it with them on interest, are public benefactors, and entitled to unstinted support.

Actual money and a place to keep the surplus are what the newcomer will need to provide for upon his arrival in California. Usually he brings with him bank drafts, money orders or traveler's check and but little coin. The value of the draft or money order lies in the fact that it is a safe way to transfer money, and at the journey's end is convertible at any bank into cash; but in any event the service of a bank is quite necessary. The question which confronts the newcomer is, which bank? Let him examine the

pages of any of the daily papers, and there will be found information concerning some of the banks, which will help him to decide this question. The date organized; the amount for which the bank is capitalized; the personnel of the directorate and the official staff; the amount of deposits; and the number of depositors are nearly always given, while at frequent intervals the bank's facilities for handling the business of its patrons are enlarged upon.



EFFECTIVE BUSINESS-GETTING PLANS

ALTHOUGH bank advertising is generally regarded as the foremost agency for publicity and new business, in California it is second in importance, business-getting plans being regarded as more effective.

The majority of these plans originated in California and have since been adopted by banks throughout the United States, where they have been found equally as effective. It can be said without fear of contradiction that more really effective business-getting plans are in use in California than any other State in the Union. This fact is apparent to the newcomer before he is in California long, especially if he has been accustomed to transacting business with a bank which makes no effort to secure new business.

The field of operation of these plans has been extended from time to time until to-day every State in the Republic is reached. By way of illustration, let a depositor in the Scott County Savings Bank at Davenport, Iowa, go to the cashier of that bank and mention that he is going to Los Angeles, and not being known there would greatly appreciate a letter of introduction to some bank. The cashier is glad of an opportunity to extend such a favor, and as requested, prepares the necessary credentials. Of what do they consist? An engraved card addressed to the German American Trust and Sav-

ings Bank, Los Angeles, and commending the person named thereon to the usual banking courtesies, is what the cashier delivers to his patron. However, under separate cover, the Scott County Savings Bank mails an advice card, on which is written particulars concerning the person introduced, and also specimen signatures, and with these in addition to the introductory card which the newcomer will bring with him, the Los Angeles bank is enabled to extend immediately any reasonable favor which the newcomer may ask. Where did the Davenport bank get the engraved card with the name of the German American Trust and Savings Bank, Los Angeles, thereon? Surely the business transacted between these banks did not justify the cost of the engravings alone, and it is therefore reasonable to conclude that a large number of these cards were prepared by the bank in Los Angeles and placed in other Eastern banks. If you enter the Appleton National Bank at Lowell, Massachusetts, and ask to be identified in Los Angeles, an engraved card identical with that used by the Scott County Savings Bank will be delivered to you, and the same is true if you make the same request of the Dollar Savings and Trust Company at Pittsburgh, or the American Trust Company at South Bend, Indiana, or the Merchants Savings Bank at Battle Creek, Michigan, or the Geneva National Bank at Geneva, New York, and, in fact, hardly can you find a bank throughout the East which does not use the same card in introducing their customers in Los Angeles, and thus it is to be seen that what the Scott County Savings Bank at Davenport is doing, many other banks are likewise engaged in.

Is this plan a satisfactory one to the customer and to the banks? In a dignified way it makes it convenient for the newcomer upon his arrival in Los Angeles to go direct to the bank whose name appears on the introductory card and there be served in a highly efficient manner. What is an accommodation to such a person is

also, in the end, of benefit to the Eastern bank which made it possible for the accommodation to be granted without delay. The business of the person introduced may be of a temporary nature, in which case, so far as the present is concerned, the business may or may not be profitable.

The truth is that of the 500,000 who come to Los Angeles annually, fully 30,000 remain permanently, and the business of this number is worth many times the cost of serving them all. Those who bring cards of introduction, go direct to the bank addressed, and if they intend to remain in Los Angeles permanently an account is opened; and it is because many accounts are thus secured that banks can well afford to supply Eastern banks with a means of introducing their patrons in Los Angeles.

Not only is the business of the newcomer sought even before he moves to California, but it is sought the day he arrives. A plan which has proven to be very effective is as follows:



BUSINESS - GETTING PLANS WHICH REACH THE NEW- COMER UPON HIS AR- RIVAL IN CALIFOR- NIA

UPON the delivery of the newcomer's baggage in a certain California city, he will find attached thereto a small tag, on which is printed an invitation to open a savings account. The newcomer is certain that this tag was not on his baggage when he last saw it, and as transportation companies do not permit baggage to be handled except by employees, the tag could not have been attached while the baggage was in transit, therefore he must assume that the tag was attached by the transfer company which made the delivery. This little tag is soon found to be only a part of a plan which enterprising California banks use to get the business of the new-

comers. Within twenty-four hours after the newcomer's arrival he will find under his door, or perhaps will receive in the mail, a letter which constitutes a second invitation, and is used as a follow-up for the tag.

How the bank secured the newcomer's name and address so soon upon his arrival is a question but few people have been able to answer. At first it may appear that the bank has acted too hastily in sending out the invitations to a stranger, and scarcely before he has been in the city twenty-four hours, and the average person will need to understand the situation before he is satisfied that the bank is acting opportunely.

The newcomer is not in the city long, however, before he begins to feel the great need of a bank where he can exchange his drafts for money, or where he may deposit valuable papers and jewelry for safe keeping, and thus the service of a bank is thrust upon him. Naturally he first considers the bank which volunteered to serve him; in fact, while he knows but little of any of the banks, he has at least been solicited by one. The invitations are re-read, this time with more care, and as the newcomer reads his interest in the bank grows until he is willing to give it a try.

Much to his surprise he finds this bank to be among the largest in a city of 500,000 population; its capital and surplus, more than \$2,500,000; its deposits \$18,000,000; and it has many thousand patrons. Upon inquiry he finds that the men who are on its directorate and those serving as officers are among the substantial men of the city, and are well connected. Almost immediately upon discovering the facts in the case, his whole attitude changes from that of suspicion to one of confidence and trust. By the time he gets the right perspective he feels himself obligated to the bank, which unsolicited has urged him to make use of its facilities. Upon investigating he finds that this bank occupies one of the most prominent corners in the city; its quarters are mod-

ern and commodious; its corridors are well filled with people of more than the average intelligence, and each apparently content with the service rendered. He glances over the officers and employees and to him they appear as men of large experience, and whose aim is to be accommodating. In the New Account Department he meets an assistant cashier of pleasing address and manner, whose constant aim is to make it easy for the newcomer to transact his business. An account is opened, and before the newcomer leaves his attention is called to the various departments of the bank, and he is most cordially invited to avail himself of any service they may render. He does not leave without being urged to come in at any time whether he has business with the bank or not. He walks out of the bank and down the street, living over again the pleasant moments which he had just spent with one of California's progressive savings banks. As the days go by and the pleasant relations grow, he begins to appreciate the real value of the first invitation, although it was presented on a small tag attached to a piece of baggage.

This plan outlined belongs to the more aggressive banks, and while there are a few newcomers who resent it, the large majority find that it provides a way for them to establish themselves with a sound banking institution.



CALIFORNIANS LEAD IN REGARD TO SAVINGS ACCOUNTS

ONE thing that invariably attracts the attention of the newcomer no matter where he locates in California, is the loyalty with which the people support the banks. He will seldom meet a person who is not a savings bank depositor, or who does not intend to open an account. Why do the people in California display such loyalty? Primarily, because by liberal expenditure of money in the past ten

years the banks have been able to persuade the vast majority of the people of the State to save at least a portion of what they earn. The people responded to the invitation to open savings accounts in any amount and receive compound interest thereon, with the result that many were soon able to buy comfortable homes, and in addition thereto, since acquiring the savings habit they have been able to pile up in the savings banks and trust companies as an emergency reserve \$535,000,000. All along the keynote has been Thrift, which beside making it possible to purchase homes and own an emergency account has developed the character of the people, and it is now easy for the people to save, as well as be economical, without being stingy or in any sense penurious.

So harmoniously have the banks and the people pulled together, that in California to-day a larger per cent. of the people have savings accounts than the people of any other State, and with the exception of Nevada the average balance on deposit is also largest.

It is safe to say, in view of the successes of the past, that if the savings banks in California continue to be as eager for new business that within another year the average balance per account will exceed Nevada.

Statistics show that but one person in ten in the United States has a savings account, while in California four out of every ten of the population are savings bank depositors, to say nothing of those having accounts with national banks. This remarkable record has been made possible through the persistent effort of California banks to see that every person without regard to age or color is the possessor of a bank book. So thorough has the work been done that the accounts of infants and children have not been overlooked, in fact, in many cases sought first, inasmuch as experience in business-getting has demonstrated that the account of the child is often an entering wedge to the business of the entire family.

In California as in France, the children are taught to save, which fact is

as much to the credit of the banks as to the parents. What has been accomplished in the way of saving money in this one State, is not due to any special endowment or to the climate of which California is proud, but almost entirely to the aggressiveness of savings banks and trust companies along business-getting and business-conserving lines. What has been attained in this direction is within the reach of the people of any other State to a greater or less degree; at any rate, there is a large opportunity for improvement.

It is certain that the banker who waits for the public to seek him, and who depends entirely upon the schools and churches to educate the people along thrift lines, can never measure up to his opportunities, while on the other hand, the banker, whether operating in the State of Maine or in Texas, in South Dakota or Florida, who will follow a similar course to that pursued by California banks for the past ten years, cannot fail to keep step with progress. Instead of seeing days and even weeks go by without an advance, he will be surprised to find that each day brings to him a measure of success, and generally according to the effort which he makes toward reaching out after new business. Instead of one out of every ten of those with whom he associates and otherwise meets in the street having a savings account, four out of every ten will be numbered among his depositors.

He will soon see that the elasticity of currency is one of minor importance, and that the predominating evil which the banks must sooner or later overcome is the extravagance of the American people, and the power to overcome and remedy this evil lies with the bankers. It then becomes necessary for every bank in the United States to aid matters of finance by supplanting extravagance with thrift, and this can best be accomplished by encouraging the savings bank business among the people. To do this in an effective way, banks must advertise; must use every effective business-getting plan

known to the fraternity; and in certain cases the personal solicitation of accounts may be necessary. If such a course were pursued vigorously for the next ten years throughout the United States, not less than one-third of the population of every State would become savers instead of spending money extravagantly as is done to-day. The present cry of "hard times" will soon be forgotten, for every third person would have an emergency account with an average balance therein of \$600.00, and this would be sufficient to meet any ordinary need.

Whatever is done along thrift lines, which means the curtailing of extravagance, the work should be most thorough, touching not only the employee, but also the employer; not only the girls in our large factories, but also the children in our American homes.

Would it be possible to reach those employed in factories? In California the factories are not open to solicitors, excepting such as encourage the employees to save and not to spend, and upon this proposition the bank solicitors are admitted without comment. Why the bank solicitor? Because the factory superintendent knows that when his employees acquire the thrift habit they then have a purpose in earning money, and because of the presence of such a purpose, they naturally become better workmen, and in every sense discharge their duty in a more efficient manner. The superintendent also knows that such employees as save at least a part of their earnings are fortified for any emergency that might unexpectedly overtake them, and therefore will not call upon him for an advance on unearned salary, or for a donation. Therefore, not only are many things which are objectionable eliminated, but there is much satisfaction which comes to every superintendent, in knowing that because his employees have been thrifty they have acquired comfortable homes.

Inasmuch as ten years of aggressive business-getting has brought to California banks and to the people of the

State the highest honors among savings banks and trust companies, there is no reason why the newcomers should hesitate for a moment to approve of the vigorous business-getting policy pursued in this State.

As to the future he may expect that the banks will not lose any of their ardor for new business, and the proper thing for him to do is to open an account and be numbered with the savers.

In summing up what has been said, may the newcomer to California never lose sight of these facts: In California the first bank west of the Rocky Mountains was organized in 1850;

that three of the largest banks west of Chicago are in California; that more than five hundred banks operate under laws which are unexcelled; that the most efficient bank service to be found in the world is in California; that the banks in this State are the largest newspaper and magazine advertisers in the United States; that they are the largest users of effective business-getting plans; all of which has encouraged the people to save to the extent that in California nearly one-half of the population have accounts with State banks, savings banks and trust companies.

The Bank as a Credit Machine

By WM. H. KNIFFIN, JR.

[The following constitutes the second chapter of "The Practical Work of a Bank," a new treatise on banking shortly to be issued in book form. Its author, Mr. Wm. H. Kniffin, Jr., is rapidly taking rank as one of the most authoritative writers on banking from the practical standpoint. He has had long experience as a bank official, and has made a thorough study of bank problems, particularly of credit, holding the Cannon Prize for the best essay on that subject. He was formerly secretary of the Savings Bank Section of the American Bankers Association.—EDITOR BANKERS MAGAZINE.]

METALLIC money proving expensive and inconvenient, the paper substitute was devised, and credit operations evolved, so that money in the metal is mainly used in the final settlements and as the basis of the credit system. The inconvenience of making payment every time a trade was consummated resulted in the system of deferred payments, the seller accepting in lieu of his goods a promise in some form which, in his estimation, is equivalent to the thing itself. The farmer who takes a load of produce to market may be willing to let his account with the buyer run, and take in

exchange at some future time the things he needs; and there arises the book account form of credit. He may take the buyer's note, and there arises a negotiable instrument. He may accept a check on a bank, and there comes into being another form of credit instrument, in wide use and in great popular favor. If he takes the promises of a bank to pay money—coin on demand—there is issued to him another form of credit instrument, the bank note; or he may take a Greenback, which is a Government promise to pay money. It is for him to decide who his creditor will be, but most likely it will be a bank.

But whatever form the payment takes, it will be some variety of credit, unless the matter is settled in gold, or silver, and this is extremely rare.

If he were a European farmer he might draw a draft on the merchant, which the latter would "accept," and the farmer could either keep it until maturity, or sell it to a bank, and in this we would have acceptance credit, as described hereafter in detail.

Confidence in the instrument is the basic point, and as long as this confidence exists the credit instrument will answer all the purposes of money, and be cheaper.

If the farmer becomes suspicious of the merchant, he will ask that the book account be settled; if he questions the ability of the maker of the negotiable instrument to meet it at maturity he will either refuse it or ask a surety; if he questions the maker of the check, or the soundness of the bank, he will cash it or have it certified as soon as possible; if he questions the bank's ability to meet the notes issued by it, he will ask for gold; if he distrusts the Greenback (as many did in 1898) he will also turn it into gold.

And so these periodic panics, particularly banking panics, are due to the distrust of the community in the ability of the debtor to fulfill his engagements. The general desire on the part of the people at such times is to change their debtors. A run on a bank is simply this and nothing more. The people prefer to trust the bank on its notes rather than on deposit account, and so withdraw their deposits. If they distrust the bank note, they will ask for gold.

A general liquidation is therefore a general change in the relation of debtors and creditors.



TRUST THE BASIS OF THE CREDIT SYSTEM

IN the end someone must be trusted. The laborer must trust his employer from week to week, that he will get his wage at the appointed time; the clerk

or salaried man from month to month. The physician trusts his patient, the minister his congregation. The farmer trusts the wholesaler, and the jobber the retailer. The retailer trusts the consumer and the consumer trusts the employer, so that it completes the cycle of credit—trust that at the appointed time payment in money or its equivalent will be made, and this confidence is the very bedrock of all national and individual well-being. And in the confidence that men will keep their engagements business moves. Moreover, out of this system of credit-trusting interest as a compensation for the use of money or credit arises.

A bank is an institution where deposits of money are received and paid, where credit is manufactured and extended to borrowers, and where the exchange of property is facilitated. Having first acquired the confidence of the community, the bank extends its credit by purchasing interest-bearing securities, mainly business men's notes, payable at a fixed time, and giving the sellers the right to draw checks upon itself payable at sight. The amounts thus authorized to be drawn are termed deposits, the bank being liable for them in the same way as for actual money deposited. It is found in practice that a bank may safely extend its credit to an amount much larger than its cash on hand, the excess being an inexpensive but useful addition to the world's instruments of exchange.*

It is the business of the bank to deal in money, credit and credit instruments; to safeguard metallic money and create "paper money." To buy credit instruments and lend its funds on the strength of credit instruments.



MANUFACTURING CREDIT

WE have said that a bank is a credit manufactory. This is its chief benefit to the community at large.

*White, "Money and Banking," p. 226.

It has the power to create credit, to make it effective.

The ordinary American bank, whether a national bank, a State bank, a trust company or a private bank, is an organization designed to collect the unemployed funds of the community in which it is located and to lend these funds to the borrowing community, which in a general way may be classified as the trading element of that community. In short, the business of banking embraces primarily the function of collecting and lending capital. Banking, therefore, is the business of dealing in credits.*

Let us follow briefly this creation of credit. Let us suppose that an individual starts a bank—to all intents and purposes as effective as a credit machine as a corporation. He has \$10,000 capital of his own. His cash deposits reach the sum of \$50,000 and he has thus \$60,000 in cash, consisting of gold, silver, gold and silver certificates and other forms of currency. He knows that as a general rule all the \$50,000 deposits will not be called for at the same time. Ordinarily this is true, and payment of only a small part will be required at one time; but when a larger portion than was anticipated is called for, suspension of payment results. Moreover, there will be deposited, as a rule, daily about as much as is drawn out, so that the amount of cash is at the \$60,000 point most of the time. The banker argues that if with \$10,000 of his own and a reputation for honesty and business sagacity, the public will trust him with \$50,000 on the strength of his original capital, he can further extend his operations by using the whole fund as a basis of credit. He can begin to operate a credit machine. His statement would now appear as follows:

ASSETS

Cash on hand.....	\$60,000
Total	\$60,000

LIABILITIES

Capital	\$10,000
Due depositors	50,000
Total	\$60,000



OPERATING A CREDIT MACHINE

THE banker now begins to discount promissory notes and to make loans. He has found by experience that \$10,000 in cash meets all his liabilities, and he can therefore safely extend credit to four times his cash holdings. He does not pay out money for the loans he makes, nor for the discounts, his clients being satisfied, and preferring to have credit on his books for the amount, against which they can draw their checks. We therefore find his statement to be as follows:

ASSETS

Cash on hand.....	\$60,000
Loans and discounts.....	200,000
Total	\$260,000

LIABILITIES

Capital	\$10,000
Due depositors	250,000
Total	\$260,000

If by this process the banker with but \$60,000 in money has created something that will take the place of money in payment of obligations, he has created a new force in the world, and this force is credit. If all the depositors should draw their checks for the full amount due them and put them in circulation and they came home for payment in a short time, with but \$60,000 to meet them, the banker would soon become insolvent—unable to meet his obligations; but against the debts he has incurred, he has obligations due to him; and therefore he has taken the loans and discounted the notes with a view to their maturity, and out of the proceeds of the notes paid in he expects to pay those who present checks. There is, therefore, a constant inflow

*J. H. Talbert, Vice-President National City Bank, New York, lecture before New York Chapter, American Institute of Banking.

and outflow of cash, the one offsetting the other.

Just what proportion of cash he must keep on hand to be safe, is the art of banking. To keep his assets "liquid"—that is, running all the time, so that as funds are demanded funds will be received—this is to conduct a bank and keep it safe. If too large a portion of cash is on hand, evidently the profits will be less; if too little, a heavy demand cannot be met without sacrifice of some of the securities or calling loans. Some banks in the war period of 1914 had as high as fifty-one per cent. of their liabilities in cash—a very large and unprofitable amount. They were fearful that heavy demands would be made on them, and, therefore, allowed cash to accumulate until satisfied that there was enough. On the other hand, however, in ordinary times as low as fifteen per cent. is sufficient, and in savings banks, with the notice of withdrawal permissible by law and the widely scattered depositors and the constant inflow of cash, a reserve of less than ten and as low as five per cent. is ordinarily sufficient.

The checks which are drawn against the deposit liability of the banker are as effective as the cash itself to settle debts. They do not circulate with the same freedom as money, inasmuch as they are of non-uniform denomination, and not so widely known as bank notes, and subject to fraud and forgery; but they are a very potent force in the business world, it being estimated that fully ninety-five per cent. of transactions are carried on by their use, and in the wholesale trades in some sections ninety-eight per cent. of the bank deposits are in form of checks.



FORMS OF BANK CREDIT

AS a credit machine the bank creates two main forms of circulating credits: bank notes and checks. The bank notes are merely its promises to pay on demand. The checks are sim-

ply the representatives of the book accounts. Thus, I have an account with a bank. The bank owes me so much money. The evidence consists of my account on its books and its account with me in the pass-book furnished for that purpose. I draw my check as my lawful right and send it to my creditor. I put that much of my account into circulation. It passes from hand to hand, place to place, until it comes back to the bank for payment, when the debt to me is cancelled and the instrument no longer in effect. It is the same with the bank note. I borrow, say, \$100 from the bank. I receive in return for my note the promises of the bank to pay to bearer the amount, which is represented by twenty of its promises to pay to bearer \$5 each on demand. I pay one debt after another, and place these in circulation. They remain out longer than my check, for anyone will accept them at their face value, and consequently they circulate more widely than my check, which has no standing where it is not known; for while checks come home quickly for payment, bank notes remain out longer. But both are obligations of the bank to pay money.



BANK-NOTE CREDIT

THE banker, therefore, creates a very powerful form of credit in the bank note, which is nothing but his promise to pay to the holder of the note the amount named. It is, of course, issued in more elaborate form than the check, and is usually finely engraved to prevent counterfeiting. It may be secured by a general lien upon the banker's assets, as in Canada; by a deposit of Government and other bonds, as in the case of the national bank notes; or by a combination of bonds and commercial paper, as in the case of the emergency currency issued by the banks in the summer of 1914; or by part gold and part commercial paper, as will be the notes issued under

the new Federal Reserve Bank System, and as now obtains in Germany; but the elementary principle is the same in all cases—it is a promise of the bank to pay. There may be a fund held by some central authority out of which the notes will be paid as presented; or a fund lodged to guaranty the payment of all notes issued by all banks, as obtains in Canada; but the point we now emphasize is the fact that by issuing a bank note the bank incurs the same obligation that it does in certifying to a check, or in allowing its depositors to draw on it.

The obligation of the bank on the checks of its depositors and on its notes are identically the same—both are demand obligations. The customer issues his checks as needed, while the bank only issues its notes on request where checks (deposits) will not answer. For instance, a customer wishes a loan of \$1,000 for the purpose of paying off the farm hands. Checks will not do. Wages as a rule must be paid in money. Therefore, the banker issues \$1,000 of his own promises to pay—bank notes. Gold and silver might be given, but both are heavy and cumbersome. Therefore people generally have come to prefer paper money to metallic, using the latter chiefly for small change operations.

The farm hands pay their grocer and butcher, who may in turn pass the notes on, or deposit them in the bank; and thus in due course they will come back like the check, and if the holder so demands, will be paid in coin as the promise contemplates.

The bank notes will be paid out of the same fund as the checks, it being the privilege of the borrower to name which form of bank credit he prefers. The banker has no option in the matter, but inasmuch as he deals largely with his own customers, he takes it for granted that most of his loans and discounts will become deposits. It matters but little to the banker which form of credit instrument is issued, but the bank check is less expensive than the notes, there being no tax on the former; but the latter stays out

longer and are usually considered distinctly profitable in their issue.



AN EXCHANGE OF CREDITS

WHEN the banker makes a loan or a discount he merely exchanges one form of credit instrument for another. For instance, he takes my note for \$1,000 and hands me \$1,000 of his bank notes. The obligation I have assumed to him is an asset; the obligation he has assumed on the notes is a liability. The one appears on the left of the statement; the other on the right. And in the discount operation for cash (bank notes) the bank has exchanged *its* note for *a* note.

In the discount of commercial paper, the bank has exchanged a less known credit for a well-known credit. The credit of the maker of the note is not generally known, and, as in cases where commercial paper is bought in the open market from brokers, the credit of the maker is more or less a banking secret. The banker passes upon this credit, and becoming satisfied that it is good, issues in return for it his own credit instruments, and he has thus turned an unknown into a known credit. He has made a non-circulating credit circulating. He has made the credit divisible, usable and good.

Bank notes, like checks, stay out only so long as they are needed. The individual who has a check, as a rule, deposits it promptly for collection; at least he should. He does not want to carry it around; it is idle money to him; he does not want to take the risk of the bank failing before the check is paid, and so sends it home promptly for redemption. The bank note follows the same rule. It stays out only so long as it is needed. If there is an active demand for money, as for instance, in moving crops there will be large amounts of bank notes issued. As soon as the holder has no further use for the notes he deposits them in his bank, which in turn forwards for re-

demption to the issuing bank (through the Treasury Department at Washington), and so bank notes appear and disappear as business demands, and checks likewise.



CERTIFICATION CREDIT

THE bank not only creates credit and credit instruments, but certifies to credit. In the certified check it exchanges its own for the maker's credit. The credit of the merchant or tradesman may be more limited than that of the bank, and by certifying to the maker's credit, it makes it more acceptable. It supplants his credit with its own.

This function is quite largely an American development. The certifying of a check is simply adding "accepted," "good," "good when properly endorsed," "certified," etc., on the face, after which when properly signed it becomes the obligation of the bank and not of the depositor. It means in banking practice that the bank has charged the amount to the drawer's account and credited the same to "certified check account," and holds the fund awaiting the return of the check for payment. It is most commonly used in Stock Exchange transactions, such operations being carried on quite largely by the use of certified checks.

In the certification of checks the banker has therefore simply certified to credit. He has created no new credit, but a better class. The credit must be existent when the certification is made, and the act of certification in effect says to the world: "The depositor whose name appears as maker of this check has the amount to his credit in this bank. The signature is genuine. We certify to the same and agree to pay to the party to whose order this check is regularly indorsed the amount for which we have certified, upon its return, properly indorsed. The maker is discharged of his liability and we assume it."

It can readily be seen that this results in the check having a wider and freer circulation than would the maker's individual order; for his was an order, while the bank's certification has made it a promise. And certified checks to a very large extent circulate as money, being freely accepted, and are the medium of the large payments, as cash is the medium of the small.

Of course, there is such a thing as a false certification, made in fraud, and this has no weight to bind the bank; but the certification, if regular, works as above noted, and the bank is responsible for the amount of its certification even though it has certified a raised check. But the bank could only charge the maker in the amount originally drawn.

Having established his own credit, the banker thus trades upon that credit, by adding to, or supplementing, the credit of others, and he thus operates a credit machine.



ACCEPTANCE CREDIT

IN the acceptance credit we have a form of pure credit, although it may have security ultimately back of it; but as it operates, it is essentially credit, being based upon the standing of the acceptor, as a promissory note is based upon the credit of the maker.

One striking difference between European and American banking lies in the form of credit extended. In the American bank a loan is primarily a cash advance. The banker may not actually lend the cash, but he must stand ready to redeem the checks drawn against the credit which he passes when a loan is made. If he is asked for a loan, he looks in his till, and if he finds a dollar he may lend four; and if he lends four, he must keep one in his till. Our system of reserves requires it. He must regulate his affairs according to his cash; while the European banker lends his credit.

He does not concern himself about the cash, for the contract of the one for whom he makes the advance is that he will have the funds in the banker's hands when the acceptance-loan is due.

The acceptance is highly developed in European countries, being a very common form of credit instrument. The operation of a bank acceptance will be seen by taking a typical English case. Let us assume that an importer of coffee in London is about to bring in a shipment from Brazil. He is in good standing at his bank and arranges the transaction through its office.

The bank agrees with him that upon the presentation of a draft signed by the seller of the coffee, with documents attached, they will accept it, and give him an instrument called a "letter of credit" to this effect. He sends the letter of credit to the coffee merchant in Brazil who draws a bill of exchange on the London bank, ships the coffee, attaches the bill of lading and insurance papers, and takes them to his local bank. The local bank being assured of having the bill taken care of in London, buys it of the coffee merchant and forwards to the London bank for acceptance. Upon reaching the latter, it will be "accepted," after which it can be sold in the open market; for having the acceptance of a well-known London bank it becomes "prime" paper—the very best.

Let us see what this means. The bank has parted with no money. It has simply agreed that at the end of three months from the date of acceptance there will be paid at its banking house, to the holder in due course, the amount of the bill. The merchant for whom the acceptance was made has agreed with the bank that he will have the funds in its hands to meet the acceptance. By arranging the acceptance the merchant may obtain the goods and in the course of the term of credit turn them into funds, and with the proceeds of the sale make provision for the debt when due; and he has, without involving any money of his own, except his business capital, carried through a business transaction.

The bill might have been drawn on the buyer and accepted for his account by the bank, or upon the bank direct; but by writing its name across the face the bank has given new power to a credit instrument—put it in position to circulate freely in the money market, and be taken without question by anyone looking for an investment.

For thus lending his credit the banker will charge usually a quarter of one per cent. for three months; but since it involves no cash, but only credit, it is all profit to the bank. The rate at which paper bearing a first-class bank acceptance will be discounted is so favorable that it will pay the merchant to pay the bank's commission in order to obtain the lessened discount rate.

The acceptance form of bank credit is not as yet a factor in American banking methods, but under the Federal Reserve Act and the New York Banking Law, banks may make these acceptances and are already doing so, there being upwards of \$15,000,000 in banks and trust companies in New York on July 1, 1914, when the State system had hardly begun to operate, and the Federal Act not then in active operation.

This power to make an acceptance is the highest form of bank credit and enables a bank to capitalize its credit and make it effective. Imagine with what readiness a draft accepted by the National City Bank of New York would sell anywhere. The buyer would not care who made the draft, or on whom drawn, as long as the name of the National City Bank appeared thereon, it would pass in any market where the National City Bank was known. And all this without the use of a single dollar of money. The great London banks have out in acceptances about \$100,000,000 all the time, and by so doing they add this much to the working capital of the country.

In times of stress these acceptances may be discounted freely at the central banks, being "two-name paper" as required by their rules; and by the re-

discount system they are turned into a circulating medium—bank notes, freely accepted everywhere.



THE LIMITS OF BANK CREDITS

THERE is a limit to bank credit in this country, based upon our system of rigid reserves, which until the enactment of the Federal Reserve Law, was as high as twenty-five per cent., now reduced to eighteen per cent. Part of this could be kept in other banks, and part in cash in its vaults; but the reserve must be maintained as a matter of complying with the law. But whatever the amount of the cash in reserve, it is obvious that the bank with \$60,000 in cash cannot meet a sudden demand on the part of its depositors for three times that amount unless it can quickly obtain the money due it on loans. These may not mature quickly enough to satisfy the demands of depositors, and nothing but bankruptcy follows. If there can be found a way by which these promissory notes may be turned into money before they are due—their payment anticipated; if the bank which holds them can sell them to some other bank that may have money to spare, such a condition can be avoided.

There has probably never been a case where all the bank's deposits were called for at one time, but something approaching it was experienced in 1907 when one bank paid out as high as seventy per cent. of its deposits in a few weeks. This is said to have been the most memorable run ever experienced by a bank without closing its doors.

Up to the present time, we have had no institution or class of institutions equipped for rediscounting, and banks facing a sudden demand for liquidation by depositors could only gain help by selling (rediscounting) their note holdings to a correspondent, or by selling securities. The former might not be possible and the latter

costly. But under the Federal Reserve Act a bank can now send the paper it holds to its Federal Reserve Bank for rediscount, the latter making payment for the same by issuing its notes on the security of the commercial paper so deposited. In other words, on the strength of the promises of a number of approved merchants and others to pay a certain amount at a certain time, the Federal Reserve Bank will issue its notes which promise to pay on demand a specified sum, there being a margin for safety to allow for possible shrinkage. This is the principle of the clearing-house loan certificate elsewhere described. Thus we have a bank and a central bank creating credit instruments, making circulating credits out of fixed credits, backed in the main by other credit instruments—promises to pay—and ultimately gold.

There is thus a limit to a bank's discounting powers—this limit being the probable call of its depositors. The law may estimate that twenty-five per cent. cash on hand is sufficient; but the banker himself must be the best judge. The penalty for over-discounting is the probable difficulty that might arise if more than the estimated portion demanded their money at one time. The advantage of large discounts and low cash is the profit that arises; for the larger the loans and the less the idle money, the more the resultant profit to the bank. In England there is no law as to reserves, the banks being free agents, regulating their reserves according to the conditions, expanding and contracting as the occasion warrants; and English banks have an enviable reputation for the quality of their administration.

But the great central bank stands as the backbone of the banking system, not operated for profit but service, and which can and in Europe does carry large cash reserves (in France as high as seventy-five per cent.), so that demands can be met and rediscounts made under all conditions. The strength of the Bank of England was never better shown than in the present war, during

which it has accumulated the largest gold fund in its history, discounting at normal rates, and throughout the crisis proven its title as "the greatest bank

in the world," because greatness in institutions as well as men is measured by the way they conduct themselves in trying times.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Shoes as Special Deposit

A BANK has broad powers—broad yet narrow. It cannot speculate in real estate, but may take it for debt. The law recognizes the fact that it is better to violate a banking principle than to suffer loss, and so permits a bank to do things to avoid a loss that it would not permit it to do to make a profit. And it permits it to do many things as incidental to its business as a public servant which are outside the pale of its functions of discount, deposit and note issue.

But when a shrewd lawyer tries to construe as a special deposit a lot of shoes stored in the back end of a bank, under agreement by the cashier to deliver them to the proper party upon fulfilling certain agreements entered into between the parties in interest, the law draws the line, and fails to see wherein the specialty arises. Shoes might be good assets, good collateral and feel good on the feet, but they have no place in banking deposits, either general or special. (See *American Nat. Bank vs. E. W. Adams & Company* in this issue.)



Pledge of Installment Leases

THE selling of goods on the installment plan is by no means a new idea, there being such houses in New

York over a century old. The business has grown to enormous proportions, branch houses alone doing a gross business of two million and more yearly.

Such goods are sold either on chattel mortgage or conditional bill of sale, the security lying in the lien on the property, and fulfillment of the conditions depends upon the earning power of the debtor.

The financing of such business requires considerable capital, for the goods are sold with but a small initial payment, the balance running over a period of from six months to two years.

With a deposit of only ten per cent., it becomes necessary to finance the balance. This can be done either by borrowing or from capital funds. The security, while good, is slow in realization and expensive to collect. Such "leases," as they are called, are often pledged for advances, to banks and money lenders, and in this number we present a New York case where an installment concern went bankrupt and had pledged its leases for advances to another corporation. The court holds the contract to be void as against the banking and corporation laws of New York, as unauthorized banking; but this does not render the leases void or entitle the trustee to avoid the obligation to repay the loan. (See *Ernst vs. Terminal Warehouse Company* in this number.)

Special Deposit

OKLAHOMA

Authority of Cashier—Deposits

Supreme Court of Oklahoma, Sept. 22, 1914.

Rehearing denied Oct. 20, 1914.

AMERICAN NAT. BANK VS. E. W. ADAMS & CO.

A national bank is not bound by the acts of the cashier when acting beyond the scope of his authority. A stock of shoes stored with a bank upon agreement of the cashier to deliver to proper party upon fulfilling certain stipulations entered into by the parties, are not a special deposit, and such agreement will not bind the bank, but the cashier may be held personally.



ACTION by E. W. Adams & Company against the American National Bank and another for possession of a stock of shoes. Judgment for plaintiffs, and defendants bring error. Modified and affirmed.



STATEMENT OF FACT

THIS action was instituted by E. W. Adams & Company against the American National Bank and F. E. Adams, the cashier, for possession of a stock of shoes of the alleged value of \$193.49. E. W. Adams & Company had at some time previous thereto been in the mercantile business in Kansas. They left Kansas and opened up a store in Oklahoma. Soon thereafter the stock of shoes in question was attached by the Elliot-Kendall Shoe Company, the shoes being of the Elliot-Kendall brand and having been purchased from such company by the Adams Company. When the order of attachment was served, Adams & Company and the Elliot-Kendall Shoe Company, and their attorneys, entered into a stipulation wherein it was agreed that the stock of shoes should be stored in the back end of the American

National Bank, to be turned over to the Elliot-Kendall Shoe Company on or before a certain date, provided such Shoe Company delivered to E. W. Adams & Company a warranty deed to certain lots or tracts of land situated in Hamilton county, Kan.; but, in the event such deed was not furnished within the time specified, then the stock of shoes should be turned back to E. W. Adams & Company.

The bank, through its cashier, F. E. Adams, accepted an indemnity bond from the Elliot-Kendall Shoe Company, and agreed to permit the stock of shoes to be stored in the back end of the bank, and guaranteed that delivery of same should be made to the party entitled thereto according to the terms in the stipulation signed by the Elliot-Kendall Shoe Company and by E. W. Adams & Company.

A deed to the land in question was received through the mail by the American National Bank in due time, and the parties and their attorneys notified of the receipt of same, pursuant to which notice E. W. Adams & Company and the attorney for the Elliot-Kendall Shoe Company appeared at the bank examined the deed and held a conference as to what should be done in the premises in reference to the acceptance of the deed by Adams & Company and the turning over the stock of shoes to the Elliot-Kendall Company.

It is claimed by the bank, and so testified to by the cashier, Adams, and some of the other bank employees, that the deed was turned over to Adams & Company, and was accepted by it and retained possession of by such company. On the other hand, it is claimed by Adams & Company that such deed was unsatisfactory and not according to the stipulations, being a quit claim instead of a warranty deed, and was not accepted, but was left in the bank. Pursuant to such conference, however, the stock of shoes was turned over to J. M. Humphreys, attorney for the Elliot-Kendall Shoe Company.

Subsequently E. W. Adams & Com-

pany, claiming to have rejected the deed on the ground that it was not according to stipulations, and on the ground that they had left same with said bank, or the cashier thereof, demanded return of the stock of shoes. This being refused, suit was brought against the bank and F. E. Adams, the cashier, for possession of the shoes or the value thereof. The cause was tried, resulting in a verdict and judgment in favor of E. W. Adams & Company for the return of the stock of shoes, or the value thereof, and from such judgment the bank and F. E. Adams appeal to this court for review.



OPINION OF THE COURT

HARRISON, C.: A number of assignments are urged for reversal, the decisive one being that the guaranty that the stock of shoes would be turned over to the proper party according to the stipulation between the parties was signed by the cashier of the bank; that such a contract of guaranty was out of the line of the bank's regular business under its charter, and outside of the line of authority of the cashier, and therefore *ultra vires*, and not binding on the bank.

A great number of authorities are cited by plaintiffs in error in support of the contention that a corporation cannot be bound by acts of its officers outside of their scope of authority. The authorities cited seem to be well in point and to overwhelmingly support this contention. We have examined them, but find that none of them pass on the exact question whether the bank, in accepting the stock of shoes as a special deposit under the circumstances of this case, was exceeding the powers contemplated in the national banking act, or whether it was acting within the margin allowed to a national bank under the provisions of its charter and the provisions of the national banking act in carrying on its regular business.

On the other hand, it is contended

by defendant in error that this was in the nature of a special deposit, and as such came within the line of the bank's regular business, at least, within the scope allowed banks in carrying on their regular business, and, being a special deposit in line with the bank's regular business, its cashier had authority to accept such as a special deposit, and that the bank was bound by his acts. The rule that a bank is bound by the acts of its cashier in accepting deposits which come within the scope and meaning of the term "special deposits," has become so well settled as to admit of but little question. See *Case vs. Bank*, 100 U. S. 416, 25, L. Ed. 695; 4 *Thompson on Cor.*, § 4765. But the exact question in the case at bar is whether an agreement that a stock of goods should be stored in the back end of a bank building is such a transaction as comes within the general scope and meaning of the term "special deposits." A number of very strong and able decisions are cited by defendant in error in support of the contention that this was a special deposit. But from an examination of the authorities cited, and of many others touching upon the question, we find that in each case the courts were dealing with, and had in contemplation such deposits as notes, stocks, bonds, securities, etc., the handling of which, in their very nature comes, at least partially, within the regular line of banking business. One of the strongest cases cited is the case of *First National Bank vs. Graham*, 100 U. S. 699, in which the court said:

The forty-sixth section of the banking act of 1864, which authorizes a national bank * * * to deliver special deposits, * * * implies clearly that a national bank, as a part of its legitimate business, may receive such special deposits.

Conceding for the moment that the contract was illegal and void, for the reason alleged in behalf of the bank, the consequence insisted upon would by no means follow. There was no moral turpitude on either side—certainly none on the part of the depositor. She was entitled, at any time, to reclaim the securities. The bank was bound in good faith and in law to return them, or to keep them, without gross negligence, until they were called for.

This language might be taken to mean that, though the contract between the bank and the depositor was illegal, yet the bank would be held liable for negligence in the loss of the deposits. But here again it must be borne in mind that the question of whether the act of receiving the deposit was the act of the bank, or the mere act of the cashier, was not involved in the case at bar, and the court had in mind such special deposits as ordinarily come within the course of the banking business, and did not have in contemplation the character of transaction involved in the case at bar. The court concludes its opinion as follows:

It would, undoubtedly, be competent for a national bank to receive a special deposit of such securities as those here in question, either on a contract of hiring or without reward, and it would be liable for a greater or less degree of negligence accordingly. We do not mean that it could convert itself into a pawnbroker's shop. That subject involves topics alien to the case before us, and which in this opinion it is unnecessary to consider.

In the case at bar the stock of shoes was permitted to be stored in the back end of the bank, doubtless in an empty room not used by the bank in the regular course of its banking business, and under the circumstances we view the transaction as more in line with the business of warehousemen receiving goods for storage than in line with transactions ordinarily carried on through banks. It is intimated in *Bank vs. Graham*, supra, that "a bank could not convert itself into a pawnbroker's shop," and we believe the reason is equally strong for holding that it could not convert itself into a cold storage establishment or a company of warehousemen. We do not believe the transaction in question comes within the scope of banking business, nor that the cashier had authority to bind the bank by his acts in such transaction. It is apparent from the record, however, that the defendant in error entered into this agreement in good faith. As stated in the body of the opinion in *Bank vs. Graham*, supra:

There was no moral turpitude on either side, and certainly none on the part of the depositor.

In the case at bar, E. W. Adams & Company in good faith contracted with Elliot-Kendall Shoe Company that, upon receipt of a warranty deed to the certain tracts of land in Kansas, the stock of shoes should be turned over to such shoe company, and, in the event such warranty deed was not executed to them, that they should receive the stock of goods themselves, and both parties agreed with the cashier of the bank, in good faith, that the cashier would see that the terms of the contract were faithfully carried out. It appears from the record that, instead of the warranty deed as contracted for, a kind of release and quit claim deed was sent to the bank, and that such instrument was not accepted by E. W. Adams & Company. It is true that there was a conflict in testimony as to whether Adams & Company accepted the deed, or whether they refused it and left it in the bank; but this was merely an issue of fact, which was submitted to the jury and found in favor of E. W. Adams & Company, and we do not feel authorized to disturb the jury's finding in this regard. Hence, in view of the fact that a warranty deed was contracted for, that a quit claim deed was sent instead, and in view of the jury's finding that such quit claim deed was not accepted by E. W. Adams & Company, and the further fact that said Adams & Company entered into the agreement in good faith with F. E. Adams, the cashier of the bank, as a voluntary bailee, to see that the stock of shoes was delivered according to stipulation between the parties, and in view of the further fact that the said cashier upon his own authority turned such stock over to the Elliot-Kendall Shoe Company, we believe that said cashier, F. E. Adams, should be held personally liable to E. W. Adams & Company for the return of the shoes in question, or the value thereof.

The judgment of the trial court should therefore be modified, so as to

render F. E. Adams liable for the return of the stock of shoes in question, or the value thereof.

PER CURIAM. Adopted in whole.
143 Pac. Rep. 508.



Relation of Bank to Depositor

GEORGIA

Collections—Right to Cancel Credit— Bill of Lading

Court of Appeals of Georgia, Oct. 20, 1914.

FIRST NAT. BANK OF FAYETTEVILLE, TENN., VS.
MCMILLAN BROS.

The rule that the title to money placed in a bank on general deposit passes immediately to the bank, and the relation of debtor and creditor is thereby established, and the credit of the banker is substituted for the money, applies also to checks or drafts, where they are received on deposit to be treated as cash, and this is the intention of both parties.



ACTION by McMillan Bros. against L. C. Strong & Son, wherein garnishment process was served on the Bank of Acworth, the holder of a fund claimed by the First National Bank of Fayetteville, Tenn. Judgment for plaintiff in justice court, and on certiorari to the superior court, and the claimant brings error. Reversed.



STATEMENT OF FACT

THE evidence for the plaintiff's showed that on April 1, 1913, they purchased from the defendants, L. C. Strong & Son, who resided without the State of Georgia, a carload of ear corn, and that there was a shortage in this car of corn of 2,985 pounds, for which the defendants were indebted to the plaintiffs in the sum of \$29.85; that the plaintiffs paid Strong & Son for the full car of corn; that later another car of corn was shipped by Strong & Son to the plaintiffs, consigned to the order of the shipper,

with order to notify the plaintiffs, and a draft for its price \$352.40, was drawn on the plaintiffs by Strong & Son, payable to the order of the First National Bank of Fayetteville, Tenn., and the draft, with the bill of lading attached, was deposited with the bank by Strong & Son to their credit; and that the plaintiffs accepted the draft and paid it to the Bank of Acworth, to which it had been forwarded by the First National Bank for collection, received from the Bank of Acworth the draft with the bill of lading attached, and received the corn from the railroad company, and thereupon sued out this attachment.

The evidence of the cashier of the First National Bank of Fayetteville, Tenn., in behalf of the claimant, showed that Strong and Son were regular customers of that bank, and that the claimant owned the draft in question; that it paid Strong & Son this amount for the draft and the bill of lading attached thereto; that the witness, as its cashier, sent the draft, with the bill of lading attached, to the Bank of Acworth for collection, and looked to the bank of Acworth for the payment of the draft; that no one but the claimant owned any interest in the draft at the time it was forwarded for collection or afterwards; that Strong & Son were the customers of the claimant, and it habitually received drafts from them, together with checks and cash, which it placed to their credit, less the usual costs on drafts; that it did not receive drafts for collection, but received them as cash, and placed the proceeds to the credit of Strong & Son.

That, when the bank received a draft for collection for any customer, the draft was not placed to the credit of the customer, but was simply entered upon the collection book of the bank, and the customer's account was only credited therewith when returns were received; that the draft with the bill of lading attached was purchased from Strong & Son in the usual way of handling their business, the draft coming to the bank through the mail,

together with other drafts and nothing was said in reference to the transaction, the business coming in the usual way; that in the event the bank should fail to collect the draft on McMillan Bros. the amount of the draft would be finally charged up to Strong & Son on the books of the bank; that any draft received from Strong & Son and for any reason returned unpaid would be charged against them: that the carload of corn "belonged with" the bill of lading attached to the draft, the draft being the property of the bank; that the bank did not purchase produce from Strong & Son, but purchased drafts to which bills of lading were attached, and when the produce was shipped to the shippers' order it was the custom of the bank to have the drafts indorsed by the shippers; that Strong & Son would pay all costs of the suit.

Statements of the account of Strong & Son with the First National Bank of Fayetteville, Tenn., during the months of March and April, 1913, showing items deposited and amounts checked out by Strong & Son, were verified by the cashier and introduced in evidence. These statements of account showed deposits made from day to day from the first day of March, 1913, up to and including May 8, 1913, and amounts drawn by Strong & Son by check from day to day, during the same period. The deposits aggregated \$10,329.74, and the checks \$8,869.44, thus leaving a balance on May 8, 1913, of \$1,460.30 in favor of Strong & Son. An itemized list of drafts, etc., deposited with the First National Bank by Strong & Son during this period, shows that the draft in question was deposited to the credit of Strong & Son. The plaintiffs introduced testimony of the cashier of the Bank of Acworth and of the cashier of the S. Lemon Bank, as to the custom of banks in giving customers credit for drafts left with them for collection, to the effect that, if such drafts were not paid, it was customary to charge them against the customer's account.

OPINION OF THE COURT

WADE, J.: "When money is placed in a bank on general deposit, the title to the money immediately passes to the bank, and the relation of debtor and creditor is created between the bank and the depositor. The moment the deposit is made the credit of the banker is substituted for the money." *McGregor vs. Battle*, 128 Ga. 577. The same rule applies to checks or drafts deposited by a customer, if when deposited they are regarded by both parties as equivalent to so much cash. The transaction amounts to a purchase of the check or draft by the bank, and the bank becomes responsible to the depositor for the amount thereof. It must appear, however, that the check or draft was received as a deposit, to be treated as cash, and that this was the intention of both parties.

If the check or draft is deposited for collection, then it is clear that the bank does not take title, but merely undertakes to act as agent for collection, the title to the check or draft remains in the depositor, and the relation between the parties is that of principal and agent, and not of debtor and creditor. *Fourth Nat. Bank vs. Mayer*, 89 Ga. 108; *Freeman vs. Exchange Bank*, 87 Ga. 45; *Bailie vs. Augusta Savings Bank*, 95 Ga. 277; *Morris vs. Fufaula Nat. Bank*, 122 Ala. 580. If the parties intend to treat such paper as cash, title passes at once upon receipt of the deposit by the banker; but if the intention is that the bank shall not be responsible except as an agent for collection, title remains in the depositor throughout. The difficulty in determining the relation between the parties lies in the determination of their mutual intention, and this must of necessity depend upon the individual facts of each case, so that the question is one rather of fact than of law. *Balbach vs. Frelinghuysen* (C. C.) 15 Fed. 675; *City of Somerville vs. Beal* (C. C.) 49 Fed. 790.

When checks or drafts are deposited

in a bank, the presumption is that they are deposited for collection merely; and not as cash; but where a check or draft is drawn in favor of a bank holding it, or with which it is deposited the contrary presumption is authorized. *Gettysburg Nat. Bank vs. Kuhns*, 62 Pa. 88. It appears to be well settled that merely crediting a depositor with the amount of a check, whether this be done in his pass-book or upon the books of the bank, is by no means conclusive evidence that the paper was received as cash, or otherwise than for collection.

A credit so made in anticipation of collection will be deemed merely provisional, and the bank may cancel the credit, or charge back the paper to the customer's account, if it is not paid by the maker or drawer. *National Gold Bank vs. McDonald*, 51 Cal. 64, and numerous other authorities. Upon the other hand, if the parties intend the title to the paper shall pass (from whatever evidence or circumstances this may appear), the mere fact that it is agreed or understood that the bank will have the right to charge the amount of the paper back to the depositor in case it prove to be uncollectible will not change the relation of debtor and creditor. *Brusegaard vs. Ueland*, 72 Minn. 283; *Ayres vs. Farmers', etc., Bank*, 79 Mo. 421.

It has been held in some cases that the fact that one had the privilege of drawing against a check deposited in bank by him even before it was collected, was inconsistent with any transaction which did not vest in the bank the title to the paper. That fact is undoubtedly strong evidence of the mutual intention that the bank should become wholly responsible for the check or draft, though it has been held in some jurisdictions that the contrary may still be shown by evidence or implied from other facts.

It seems to be well settled that a bank takes title to the proceeds of a check or draft deposited with it for collection, immediately upon crediting the depositor with the amount of the proceeds. The bank occupies the posi-

tion of an agent for collection until the proceeds are actually received and credited, whereupon it takes title thereto, and the relation of creditor and debtor results, instead of that of principal and agent. By the weight of authorities this appears to be true, because it is a universal custom of bankers so to credit the proceeds of a paper deposited for collection, and because, in the absence of an agreement to the contrary, the parties would be presumed to have contracted with a view to this custom.

It has been held by our Supreme Court that, where a common carrier receives goods consigned to the order of the shipper, with direction to notify a designated person at the place of delivery, and issues to the consignor a bill of lading, which the consignor attaches to a draft for the price of the goods, drawn by him on the person to be notified, and he delivers the draft and the bill of lading, indorsed in blank, to his bank, to be placed to his credit on his general account, and the amount of the deposit is actually credited to the general account of the consignor and depositor, who has the right to check against the deposit, and does in fact actually draw against it, the bank acquires title to the goods represented by the bill of lading, and its title can be asserted against the lien of a subsequent attachment creditor of the consignor. *Alexander vs. First National Bank*, 140 Ga. 266; *National Bank of Webb City vs. Everett*, 136 Ga. 372; *Fourth National Bank vs. Mayer*, 89 Ga. 108. It will be noted, in each of the cases above cited, the fact that the depositor had the right under the agreement between himself and the bank, to check against a deposit of this character and did in fact draw or check against such deposits, and that his checks or drafts were honored by the bank, appears largely to determine the relation between the depositor and the bank, and thereby determine the title to the check or draft, or to the proceeds arising therefrom.

It will be observed that in the testi-

mony in behalf of the claimant in the present case it is not in so many words stated that Strong & Son had the right to check against the draft deposited to their credit in the First National Bank; but the cashier of that bank testified absolutely and unequivocally that the title to the draft passed to the bank at the time of the deposit, that the bank purchased the draft with the bill of lading attached thereto, and ever since owned and still owned both the draft and the bill of lading. Also the accounts introduced in evidence showed that numerous drafts, including this draft, were deposited by Strong & Son with the First National Bank during the months of March and April, 1913, and that throughout the same period they drew checks against their general account with this bank, aggregating a large amount and apparently drawn against the various drafts deposited, so that the bank's accounts appear to supply definitely evidence that the draft in question was not only deposited to the general credit of Strong & Son, but was checked against by them. As said above, even without affirmative proof, there is a presumption that a draft deposited with a bank is deposited for collection; but, where the draft is drawn in favor of the bank itself, the presumption is that it was deposited absolutely with the bank, and that title thereto passed to the bank. The fact that the bank cashier testified that the amount of the draft, if not collected, would be charged back to Strong & Son, would not itself change the relation between the parties.

The plaintiff's recovery appears to have been predicated upon proof of certain circumstances which tended in some degree to show the relation between the First National Bank and Strong & Son to be that of principal and agent, rather than that of creditor and debtor; but these circumstances, slight at best, must yield to absolute and undisputed testimony of the cashier of the First National Bank (to say nothing of the presumption created by the fact that the draft was

drawn in favor of the bank) that this bank was the actual owner of the drafts with the bill of lading attached thereto, and hence of the proceeds arising therefrom, especially since the bank's accounts which were introduced, supply evidence that the draft was subject to check, and was actually checked against, by Strong & Son, thus bringing the case precisely under the decisions in *Fourth National Bank vs. Mayer*, *National Bank of Webb City vs. Everett*, and *Alexander vs. First National Bank*. See, also, *Elberton Grocery Company vs. First Nat. Bank*, 3 Ga. App. 418, 59 S. E. 1129; *Akers vs. Jefferson County Savings Bank*, 120 Ga. 1066, 48 S. E. 424.

Undoubtedly, therefore, the title to the draft passed to the First National Bank at the time it was deposited with that bank to the credit of Strong & Son on their general account, and hence the funds in the Bank of Acworth, arising from the draft, were not subject to garnishment, and the judge of the superior court consequently erred in overruling the certiorari.

It is unnecessary to discuss the question whether a non-suit should have been awarded, as other evidence was introduced after the refusal to grant a non-suit, and the case was finally determined on the entire evidence, which is all under consideration in this case.

Judgment reversed.

83 So. Rep. 150.



Pledge of Installment Leases

NEW YORK

Contracts—Ultra Vires—Unauthorized Banking

New York Supreme Court, Special Term.
New York County, June, 1914.

ERNST VS. TERMINAL WAREHOUSE CO.

A contract made by an installment house whereby leases on goods sold on the installment plan were pledged as collateral security for a loan, is void under the corporation and banking laws of New York,

which prohibit unauthorized banking; but this does not entitle the trustee of the bankrupt borrower to avoid the obligation to repay them.



ACTION by Irving L. Ernst, trustee in bankruptcy of the Grand Union Company, against the Terminal Clearing House Association. Complaint dismissed.



STATEMENT OF FACT AND OPINION

FORD, J.: Plaintiff is a trustee in bankruptcy. The bankrupt, a domestic business corporation, held certain leases calling for weekly, semi-monthly and monthly payments on pianos, organs and sewing machines delivered to its customers on the "installment plan." In need of cash, it entered into a contract with the defendant, likewise a domestic business corporation, under whose terms the latter company advanced to it certain sums of money on the leases as collateral security.

At the time of the bankruptcy a substantial sum remained unpaid by the bankrupt. The trustee in bankruptcy brings this suit in equity, demanding that the contract be declared null and void; that the defendant be ordered to account to the plaintiff for all moneys received by defendant on account of said leases or conditional contracts and to pay over to plaintiff such money; that the defendant be ordered to account to the plaintiff for all pianos, sewing machines, and organs, received by the defendant from the vendors named in the leases or conditional contracts of sale hereinbefore referred to and to turn over to plaintiff said property or the value thereof; that defendant be ordered to turn over to plaintiff all leases or conditional contracts of sale received by defendant from the Grand Union Company, bankrupt as hereinbefore set forth; and that defendant be perma-

nently restrained from receiving any moneys or property on account of the collateral hereinbefore referred to and from in any manner interfering in the collections thereof by the plaintiff. These demands are made upon the ground that the contract is ultra vires and void.

There is little doubt in my mind that the business done by the defendant with the bankrupt was prohibited by Section 22 of the General Corporation Law and by Section 107 of the Banking Law, and that the transactions were ultra vires of the corporation.

Banks call advancing money to their customers "discounting," but the borrower calls it "loaning or lending money." That is what it is in essence, and that is what the defendant and the bankrupt did. It is exactly what the statutes forbid to be done by a corporation organized under the Business Corporations Law, and no hair-splitting distinctions in nomenclature, verbiage, or phraseology can disguise the fact.

So far as the prohibition of the Banking Law and the General Corporation Law is concerned, the statute prescribes its own penalty, namely, that the "securities * * * made or given * * * shall be void." That penalty is laid upon the lending corporation and it may not be extended. It probably renders the written contract, or, more precisely, the written evidence of the loaning and borrowing contract, void. Ordinarily a note or bill is given to secure the loan, but security in that form is lacking here. The money seems to have been loaned on the written contract instead of upon the usual form of commercial paper. The decisions clearly hold that a note or bill taken under such circumstances is void. It follows that the contract in this case is void, as it seems to me.

Thus far I can follow the reasoning of plaintiff's counsel. But what then? It does not follow that the debt or the leases given to secure it are void. *Curtis vs. Leavitt*, 15 N. Y. 9; *Pratt vs.*

Short, 79 N. Y. 437, 35 Am. Rep. 531; Pratt vs. Eaton, 79 N. Y. 449; Duncomb vs. New York, H. & N. R. R. Company, 84 N. Y. 190. Nor should it be forgotten that the plaintiff trustee stands in the shoes of the bankrupt and that any lack of power in the corporation to make the loan would not have been available to it in avoidance of its obligation to fully repay the loan. Whitney Arms Company vs. Barlow, 68 N. Y. 62, 20 Am. Rep. 504.

It is not charged that the transaction was in fraud of creditors nor violative of the Bankruptcy Act. The creditor has a valid claim secured by the leases. It makes no claim against the bankrupt's estate and is content, for aught that appears, to stand upon the transaction as made with the bankrupt. It seems to me that that is its privilege. Should it file its claim against the estate, quite a different situation would be presented.

Complaint dismissed on the merits, with costs.

149 N. Y. Supp. 181.



Certified Check

MICHIGAN

Conditional Delivery—Protest—Damages—Interest

Supreme Court of Michigan, Oct. 2, 1914.

PRESTON VS. PEOPLE'S SAVINGS BANK OF TRAVERSE CITY ET AL.

Error to Circuit Court, Grand Traversers County; Frederick W. Mayne, Judge.



ACTION by Thad B. Preston against the People's Savings Bank of Traverse City, and others. Judgment for defendants, and plaintiff brings error. Reversed and remanded with directions.

STATEMENT OF FACT AND OPINION

McALVAY, C. J.: The following are the material facts in the case: A lumber company at Traverse City became insolvent in 1907, and a receiver was appointed, who qualified and entered upon the duties of his office. By order of the court he offered for sale the assets of the insolvent corporation for which plaintiff offered a bid of \$66,609.78, April 1, 1909, and afterwards sent defendant the following letter:

Traverse City, April 10, 1909.

People's Savings Bank, Traverse City, Mich.—Gentlemen: I will pay you fifty cents cash on the dollar for your present claims against the South Side Lumber Company. Payment to be made when the title to said property under receiver's sale is confirmed in me by the court.

Yours, etc.,

T. B. Preston,

By George E. Nichols, His Attorney.

Upon which defendant indorsed the following acceptance:

Accepted provided a certificate check for the amount due under the offer is deposited with this bank within five days from date, with the understanding that in case you do not buy the property checks are to be returned.

People's Savings Bank,

By H. S. Hull, President.

On April 14th following, plaintiff wrote defendant as follows:

Ionia, Mich., 4-14-09.

People's Savings Bank, Traverse City, Mich.—Gentlemen: I am inclosing you herewith certified check for \$7,000 which is to be held by you and not used until the sale is confirmed by the court and papers properly executed and transfer made to me. This is in purchase of your claim vs. South Side Lumber Company, which amounts approximately to \$14,000, and is subject to a revision of the amount whether it may be more or less than this amount—and if it be more, I am to pay you the additional amount and if it be less, the amount is to be refunded to me. Please signify your acceptance of it and conditions covering it.

Yours truly,

T. B. Preston.

Stenog. 7.

Inclosure.

The check which was inclosed, reads:

Ionia, Mich., 4-14-09.

State Savings Bank:

Pay to the order of T. B. Preston \$7,000.00, seven thousand dollars.

State Savings Bank Branch, Ionia, Mich.
T. B. Preston.

Indorsed upon the face of said check appeared the following certification:

Certified Apr. 14, 1909. Good when properly indorsed.

State Savings Bank, Ionia, Mich.
A. J. Hemingway, A. Cas.

It was indorsed on the back by plaintiff:

Pay to the People's Savings Bank, Traverse City, Mich., subject to terms of my letter of Apr. 14-09.

T. B. Preston.

Defendant promptly acknowledged receipt of the letter and check, as follows:

T. B. Preston, Ionia, Mich.—Dear Sir: This bank has received your letter of the 14th inst., inclosing certified check for \$7,000 conditioned as stated in yours inclosing same.

Very truly yours,

M. O. Robinson, Cashier.

Later, after the sale to plaintiff was not confirmed, he wrote defendant the following letter, demanding a return of the certified check:

Ionia, Mich., 7-9-09.

People's Savings Bank, Traverse City, Mich.—Gentlemen: On the 14th of April, 1909, I sent you certified check for \$7,000 under the following conditions: To be held by you and not used until the sale of the entire property of the South Side Lumber Company was confirmed by the court and the papers properly executed and transfer made to me. These conditions were in pursuance of an agreement made between us April 10, 1909, and this agreement was made in view of a bid I made for the properties and assets of the South Side Lumber Company of \$66,906.78 of which you had knowledge. The property of said company was struck off to me the 28th day of May and the court confirmed the sale the 5th day of June, but before title was conveyed to me by the receiver, the court, on application of certain creditors, vacated the whole matter and ordered resale and of all these matters you had notice.

Therefore, by reason of the action of the court our negotiations are ended and the contract canceled and I therefore respectfully demand the return of the certified

check inasmuch as the provisions under which it was delivered to you have not been met. Kindly let me hear from you at once and oblige.

Yours truly,
Stenog. No. 7.

T. B. Preston.

To which defendant replied as follows:

July 14, 1909.

T. B. Preston, Ionia, Mich.—Dear Sir: This bank has received your letter of the 9th inst., relative to the South Side Lumber Company deal and the same will be referred to the board of directors at an early meeting. I might say that our Mr. Hull will be home this week as I am informed.

Very truly yours,

M. O. Robinson, Cashier.

Defendant did not return the check, but held it until August 18, 1910, and then sent it forward for collection. Upon presentation payment was refused by the bank of issue. It was then protested and such protest indorsed on the check, as follows: "Protested for nonpayment, August 18, 1910. M. M. McGeary, Notary Public." Defendant afterwards held this check without explanation or excuse until July 16, 1912, when it was returned to plaintiff by letter stating that it was returned under advice. The record shows that at the time this check was given plaintiff was vice-president, director and a stockholder of this bank, and also that later he became its president. It appears from his testimony that the certified check was not charged up to his account at the time of its issue, and was not so charged until July 30, 1910, when this was done under the direction of the State banking commissioner, who came to Ionia in regard to the matter and required that it should be charged to plaintiff's account. Plaintiff at that time borrowed \$7,000, the amount of the certified check, on his individual note, bearing interest at the rate of six per cent., which amount was passed to his credit. This note was carried by him until April 27, 1912, and interest was paid thereon for that time. The sole question in this case is whether upon these facts the court should have rendered judgment in favor of plaintiff for interest.

The appellant contends that upon the undisputed facts in the case the court, as requested, should have entered a judgment in favor of plaintiff, either for interest on the amount of the certified check from the date demand was made by plaintiff for its return, as is shown by the letter to defendant, July 9, 1909, or from July 30, 1910, the date plaintiff was required to protect the certified check by making his account good by borrowing money from the bank for that amount when it was charged against him. The contention of defendant is that plaintiff and all of the officers of the bank were acquainted with all the facts, and that there was no need to borrow money and pay interest, for the reason that the conditions upon which the certified check was given were never complied with, and, if required, a non-interest-bearing note or a bond could have been given by plaintiff to protect the bank. This contention is upon the theory that it was plaintiff's duty to occasion the least damage possible to defendant.

It is admitted on the part of plaintiff that the requirements of the banking law were not followed at the time this check was certified by the bank of issue. The claim is made that the record does not show the facts stated relative to the action of the banking commissioner, and therefore it is not for the consideration of the court. This was the view taken by the trial court. The testimony of plaintiff in the case is undisputed, and is as stated herein. Plaintiff was present and testifies clearly as to what occurred.

Defendant paid no attention to the request by plaintiff made in writing on July 9, 1909, for the return of this check, although receipt of such request was acknowledged. Defendant unlawfully kept this check in its possession for more than three years, during a large part of which time plaintiff paid interest on the money borrowed at the rate of six per cent., as required by the bank. That this interest was paid is not disputed. Plaintiff paid it upon a written obligation so to do. The

fact that he was a stockholder and an officer of the bank, and that the bank itself, through its officers, had knowledge of all the facts relative to the check is immaterial to this issue. The bank had a right to require the payment of interest upon borrowed money. The court was in error in not finding, as requested, that plaintiff had paid this interest in good faith. The court was also in error in not finding and entering a judgment for the plaintiff in this case.

The only question to be considered upon that proposition is what the amount of such judgment should have been. Plaintiff suffered no actual loss, which can be considered in measuring damages in this case, until July 30, 1910, when he gave his note for \$7,000, with interest at the rate of six per cent., which he paid, until April 16, 1912, when the check was returned and he took up his note. This is a mere matter of computation and amounts to \$721. This is the amount of plaintiff's actual damages and the amount for which a judgment should have been entered in his favor in the court below.

The judgment of the circuit court is reversed, and the case will be remanded to the circuit court with directions to said court to enter a judgment in favor of plaintiff and against defendant for the above amount, together with costs of both courts to be taxed.

148 N. W. Rep. 772.



Holder in Due Course

KENTUCKY

*Installment Note — Value — Notice —
Negotiable Instruments Law—Alter-
ation Fraud*

Court of Appeals, Kentucky, Oct. 20, 1914.

PRATT VS. ROUNDS.

The mere fact that a purchaser of notes at a discount of 25 per cent. had purchased many notes from the payee at the same discount, did not, standing alone, show that he was not a holder in due course.

ACTION by W. I. Pratt against Elizabeth M. Rounds. From a judgment for defendant, plaintiff appeals. Reversed, and remanded for new trial.



STATEMENT OF FACT

ON February 2, 1912, Elizabeth M. Rounds, doing business in the name of B. H. Rounds & Sons, executed to the Brenard Manufacturing Company six notes each for \$50, due, respectively, in two, three, four, five, six and seven months. W. I. Pratt brought this suit upon the notes, alleging that the Brenard Manufacturing Company had assigned them to him for value before maturity in due course.

Mrs. Rounds answered in substance that the notes had been obtained by fraud, and denied that they had been assigned to Pratt. Pratt replied, denying that the notes were obtained by fraud, and pleaded that he was a bona fide purchaser in due course for a valuable consideration and without notice of any infirmity in them. The case came on for trial before a jury who found for the defendant. The plaintiff appeals.

Mrs. Rounds is the owner of a jewelry store in Owensboro, Ky. The Brenard Manufacturing Company is a partnership doing business at Iowa City, Iowa. They own a copyrighted plan under which pianos are put in the stores of merchants and the successful contestant in the contest gets the piano. They send out traveling men, who make contracts with the merchants. One of their traveling men went to Owensboro, made a contract with Mrs. Rounds, through her son, and obtained the notes in suit. The son's evidence as to the fraud in the obtaining of the notes is in substance this: The traveling man came to the store, representing that the Brenard Manufacturing Company was going to put pianos in Owensboro on sale, and they had a copyrighted plan of contest which he had misplaced, saying:

Now, we will give in this contest so much

commission on every piano that every man sells. We will handle this contest for you, and all these contestants will be at work selling for your store.

Rounds signed the contract and gave the notes on this basis, without seeing the copyrighted plan of contest. The contract was then sent to the Brenard Manufacturing Company and was approved by them. Ten days later Rounds, on examining the copyrighted plan of contest, which in the meantime had been sent to him, saw that it was altogether a different proposition from that stated to him by the drummer.

In the copyrighted plan the merchant was to get the contestants and keep them going. He was to have sole charge of it. The Brenard Manufacturing Company was not to send any man to Owensboro to assist in the contest or to sell any piano there. Finding that the proposition was entirely different from what it was represented to him, he on February 12 wired the Brenard Manufacturing Company, revoking his order, and on the same day wrote to them, stating fully the reasons. There was no contradictory evidence offered by the plaintiff. The only evidence offered by him was the deposition of Theodore O. Loveland, one of the firm of the Brenard Manufacturing Company.

He testified that, after receiving the contract and approving it, they immediately bought the piano and ordered it sent to Mrs. Rounds; that the piano was bought on February 5, and was in fact shipped by the makers of the piano on February 15; that they sold the notes to W. I. Pratt on February 8, or four days before they had notice by wire of the disaffirmance of the contract by Mrs. Rounds, and seven days before they received her letter; that they at the time had no notice of anything being wrong; that Pratt was not connected with the Brenard Manufacturing Company and never had been; that they bought their pianos each day, as they received orders, handling from 500 to 1000 a year; that they received the order on February 3; that the piano was shipped

from Chicago; that in all they had sold Pratt about \$10,000 worth of notes from time to time; that, at the time of the transfer of these notes to Pratt, they got \$1,000 from him, and transferred to him \$1,250 worth of notes.

These questions and answers occur in his cross-examination:

Q. Then for each dollar you received, you transferred to him \$1.25 face value of the notes? A. Yes, sir. Q. Were these notes transferred without recourse, or is the Brenard Manufacturing Company responsible, providing they are not collected? A. Do you mean by "without recourse" that those words were written upon the note? Q. Yes. A. No; these words were not written on the note. They never were written on any note that we ever disposed of, to the best of my knowledge. Q. In case Mr. Pratt is unsuccessful in this suit and should fail to collect these notes, would it be Mr. Pratt's loss, or would the Brenard Manufacturing Company have to reimburse him for the money paid, at the time they were transferred? A. We have no contract with Mr. Pratt to that effect. Q. Well, in the \$40,000 worth of notes transferred to Mr. Pratt, have there been any which he has failed to collect? A. Not that I know of. If there have been, it has not been called to my attention. Q. The company, then, is in no way responsible to Mr. Pratt for the payments of these notes, if he should fail to recover in this suit? A. I think not; the \$1.25 has always covered it. Q. In your transactions in this kind of notes, it has been found that the deposit of \$1.25 worth of notes for one dollar in money advanced covers all shrinkage and loses in the way of collections? A. That has been our experience. Q. And these notes were transferred to Mr. Pratt on that basis? A. Yes, sir.

The defendant offered no evidence contradicting Loveland, and the plaintiff, Pratt, did not testify on the trial. During the examination of a witness for the defendant this occurred:

The Court: Have you any evidence as to the fair market value of that piano, Mr. Wells? Mr. Wells: No, sir; I think not.

Again, at the conclusion of the defendant's testimony, this occurred:

The Court: I think that it is very material that the jury should know the fair market value of the piano. (The court allows the defendant time in which to try and find a witness who will testify as to the value of the piano, and after due deliberation the defendant announced that he could find no witness who would testify on this point.)

OPINION OF THE COURT

HOBSON, C. J.: The court, by the fourth instruction which he gave the jury, told them in substance that, although a fraud was practiced on the defendant at the time the notes were executed, yet, if the Brenard Manufacturing Company sent the defendant goods of value, they might in their discretion find for the plaintiff the fair market value of the goods so sent. The instruction was erroneous, and, in view of the remarks made by the court in the hearing of the jury, we are not assured that this may not have been prejudicial to the plaintiff, in view of the fact that the plaintiff gave no evidence as to the value of the piano, which had been shipped to Owensboro, and had been left in the railway station; the consignee declining to receive it.

The suit was brought by W. I. Pratt, as holder of the notes. He must recover, if at all, on the notes. The evidence offered by the defendant as to the fraud in the obtaining of the notes was not contradicted, and so the essential question in the case was whether Pratt was a holder in due course for value and without notice. No question as to the value of the piano should have been injected into the case, for no fraud as to the piano was complained of; the fraud complained of related entirely as to the plan of contest.

The notes made out a *prima facie* case for the plaintiff; their execution being admitted. The burden of proof was therefore on the defendant, as the circuit court properly held.

The remaining question is: Should the court under the testimony of Loveland, which was not contradicted, have instructed the jury to find for Pratt on the notes upon the ground that he was a holder in due course? Under the evidence, which was undisputed, the notes were assigned by the Brenard Manufacturing Company to Pratt on February 8, or four days before Rounds himself knew that a fraud had been perpetrated upon him, and four

days before he sent the telegram to the Brenard Manufacturing Company revoking his order. It is very evident, therefore, that there was nothing in the case to show that Pratt could have had notice of any infirmity in the notes, when he purchased them on February 8, by reason of what had taken place in Owensboro between the salesman and Rounds.

Section 56 of the Negotiable Instrument Act is in these words:

To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith.

Section 57 also provides:

A holder in due course holds the instrument free from any defect of title of prior parties and free from defenses available to prior parties among themselves, and may enforce payment of the instrument for the full amount thereof against all parties liable thereon.

The notes being complete and regular on their face and having been transferred to Pratt before their maturity or dishonor, he was a holder in due course under subsection 52, if he took them "in good faith and for value" and "at the time had no notice of infirmity" in them, or "defect in the title of the person negotiating" them.

Subsection 25 provides:

Value is any consideration sufficient to support a simple contract. * * *

That, under the evidence, Pratt took the notes for value must be admitted. He is therefore entitled to recover on them, unless he did not take them in good faith, or had actual knowledge of some infirmity in them or defect in the title of the person negotiating them, or had knowledge of such facts that his action in taking them amounted to bad faith.

It is insisted that as Pratt did not testify on the trial, and as it appeared that he had bought \$40,000 worth of notes from the Brenard Manufacturing Company, and as he bought these

notes at a discount of twenty-five per cent., the jury were warranted in inferring that he was not a holder in due course. But the plain meaning of the statute, above quoted, is that the rights of a purchaser of negotiable paper are not to be defeated upon suspicion. To defeat him under the statute, the facts known to him must be such that his action in taking the instrument amounted to bad faith, unless he has actual knowledge of the infirmity or defect. Pratt could have had no actual knowledge of the infirmity or defect under the evidence when he purchased the notes on February 8, and there were no facts known to him about the transaction in Owensboro, when the notes were executed. The fact that he had purchased many notes from the Brenard Manufacturing Company, and that he purchased these notes at a discount of twenty-five per cent., with other proof, might be of considerable value, but standing alone, they are not sufficient to take the case to the jury. *Bothwell vs. Corum*, 135 Ky. 766; *Ham vs. Merritt*, 150 Ky. 11.

It is also insisted that the notes, when executed, were attached to the contract by a perforated line, and were therefore not negotiable. But there was in the contract authority to the Brenard Manufacturing Company to detach the notes, and when, under this authority, the notes were detached, they stood as any other notes.

Section 124 of the Negotiable Instrument Act provides:

Where a negotiable instrument is materially altered without the assent of all parties liable thereon, it is avoided, except as against a party who has himself made, authorized or assented to the alteration and subsequent indorsers.

Under this section. Mrs. Rounds, having consented to the notes being detached from the contract cannot complain that they were detached. *Robertson vs. Commercial Security Co.*, 152 Ky. 340.

If, from the fact that Pratt had bought so many notes from the Brenard Manufacturing Company it may be inferred that he was familiar with

their way of doing business, and should have known that these notes had been detached from the contract, still he must also have known that the contract empowered the payee of the notes to do this; and his knowledge on this subject would in no way bring home to him knowledge of a fraud which had been practiced at Owensboro when the notes were given. This fraud was the sole ground of defense to the notes, and this had not been discovered by Rounds when, according to the evidence, Pratt purchased the notes.

The testimony of Loveland being uncontradicted and unimpeached, it cannot be maintained that there is any evidence that Pratt did not take the notes in good faith, or that when he took them, he had actual knowledge of some infirmity in them or defect in the title of the person negotiating them, or had knowledge of such facts that his action in taking them amounted to bad faith. We therefore conclude that, under the evidence, the court should have instructed the jury to find for the plaintiff. If there was evidence tending to show that Pratt did not in good faith take the notes for value (subsections 25, 51, § 3720b, Ky. St.), or that his purchase was colorable merely, or

that he was chargeable with notice of their infirmity, the case would be different.

Under the statute which had been in force in Kentucky up to the time the Negotiable Instrument Act took effect, promissory notes were assignable, but the assignee took them subject to all the defenses which the maker had to them in the hands of the assignor before notice of the assignment. That act, however, changed the rule, and under it promissory notes which have been transferred to a holder in due course (that is a bona fide purchaser without notice) are placed upon the footing of a bill of exchange, and are not subject to the equities which would obtain between the maker and the payee. Persons now who make such notes and deliver them take the risk of their being transferred to a bona fide purchaser without notice. The statute changed the old rule, and must, like other statutes, be enforced according to its terms. Hard cases may arise, but the courts are powerless to afford a remedy. The Legislature alone has power to do this.

Judgment reversed, and cause remanded for a new trial.

169 S. W. Rep. 848.



Involuntary Membership in the Reserve System

SPEAKING at the "prosperity luncheon" of the Merchants Association in New York, November 24, Pierre Jay, Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank of New York, said:

"One element in the structure of the Federal Reserve System is unsatisfactory as a basis for coöperation, namely, the involuntary membership of the national banks; for they were obliged to come in or forfeit their charters.

This was undoubtedly a necessary element at the outset, but if the system is to become really successful these compulsory members must be not only content and glad to stay in it, but its advantages and services to them and to the country generally must be such as to attract into it most of the eighteen thousand State banks and trust companies which the law could not compel and which are standing on the sidelines watching its development with the greatest interest."

Banking Publicity

Conducted by

T. D. MACGREGOR

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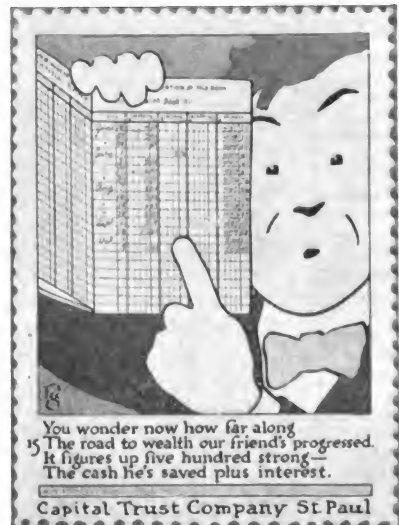
COLLECTING poster stamps has proved a most fascinating pastime. The custom originated in Germany "before the war." The idea has spread like wildfire in the United States, and is by no means confined to children. Adults, too, have their collections of poster stamps.

Poster stamp collecting is the logical successor of the mania for postage stamps, advertising picture cards, etc., and on account of its great possibilities it bids fair to outlast any preceding collection fad.

Poster designing is recognized as a high art, which justifies the popularity of poster stamps. Many advertisers are using this method of getting their

wares before the people in an attractive way.

The collecting of poster stamps has an educational value. Many skillful



artists, some of national renown, are expressing their skill in this form. The collector becomes, unconsciously, an art critic.

Those who acquire more than one stamp of a kind will find other collectors glad to exchange with them. The collector's album soon becomes a "gallery" of worthy art subjects.

Banks are by no means slow in taking up new propositions that promise to prove effective advertising mediums, so that it is not surprising that bankers are beginning to use poster stamps.

The earliest uses of this idea by banks were to picture the bank's building or its safe deposit vault and this is good general publicity. But it remained for a western bank advertising concern, with characteristic enterprise,

to seize this opportunity to develop for banks a tremendously powerful campaign for savings deposits by means of an album and series of fifty-two weekly stamps, illustrating, by rhyme and picture, the life history of a very pleasing character known as "Thrifty Alexander."

We reproduce a few samples of the

"Thrifty Alexander" poster stamps as being used by the Security Trust and Savings Bank of Los Angeles, the Capital Trust Company of St. Paul and other large banks. The drawings are by F. G. Cooper of "Life" and "Collier's," and the verses by Harvey A. Blodgett of St. Paul.

The originals, of course, are in very

The Stockholders and Directors of the
Continental National Bank
 OF LOS ANGELES.

Announce the
Formal Opening
 Tuesday, December 1, 1914

and cordially invite you to inspect the new banking-rooms at the intersection of Spring, Main and Ninth Streets.

Having complied with the full requirements of law, the Continental National Bank of Los Angeles is now prepared to transact a general banking business. Accounts of individuals, firms, corporations, associations and banks solicited. Interest paid on term deposits.

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R. C. Hamlin,
Franklin Motor Car Agency.

John P. Mullin,
Vice-President Montgomery & Mullin
Lumber Co.

ED. SIEFKIN, Cashier.

FRED J. KINNEY, Assistant Cashier.

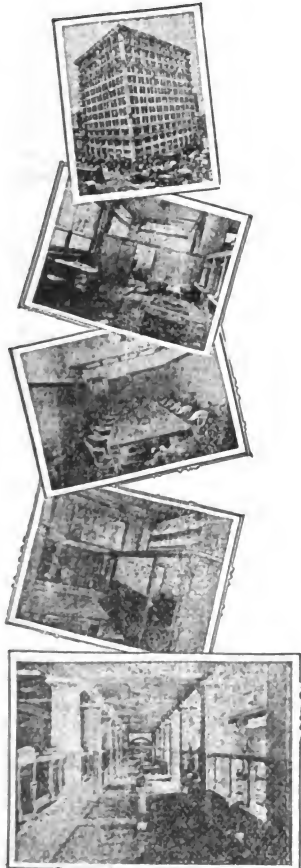
R. O. BELLAND, Mgr. Scandinavian Dept.

Paid Up Capital
\$300,000.00

Paid Up Surplus
\$75,000.00

Safe Deposit Boxes for Rent

We have installed large fireproof, burglar-proof and disaster-proof vaults in our basement. Commodious safe deposit boxes for rent as low as \$2.50 per year.



Banking Rooms Open Until 10 P.M. Tuesday, December 1st, 1914, for Inspection of Visitors

THE WAY THE NEW CONTINENTAL NATIONAL BANK OF LOS ANGELES LET PEOPLE KNOW
 IT WAS READY FOR BUSINESS

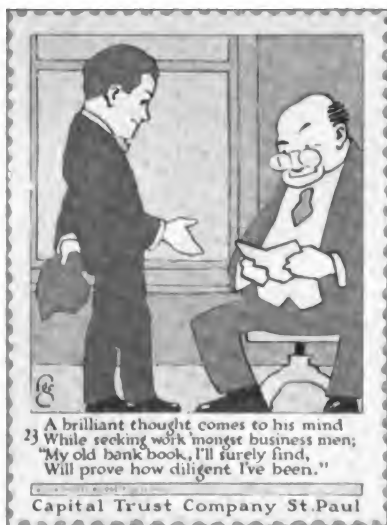
attractive colors, so that the stamps lose much by the one-color reproduction here-with.

The little talk that the banks give in introducing the series of poster stamps occupies the front page of the album and, in part, reads as follows:

Thrifty Alexander is not an unreal person. He lives right here, perhaps within a stone's throw of where you live—maybe in the same house.

Undoubtedly YOU know many Thrifty Alexanders, going by other names. They are everyday folks who learned to live sensibly, to earn a little, to spend a little less, to work hard—play some too—and who finally reached fortune's goal, just as you are planning to do.

Just because Mr. Cooper, the artist, put a little smile into each one of his pictures



of Alexander you must not think he is a joke. Indeed, he is a very serious minded person. One can be serious minded, you know, and at the same time have the corners of his mouth turn UP instead of down.

One can have a purpose in life and steadfastly work and plan to achieve it, and as he goes along, smile a little, joke a little and play a little—as Alexander did.

Now, as the story of Thrifty Alexander unfolds to you, and you see him, year after year, growing stronger in body, mind, and worldly wealth, living a wholesome, normal life, just make up your mind that you will repeat his success. YOU CAN DO IT.

Just notice, too, how important a part the bank played in Alexander's success. Has it ever occurred to you what a valuable thing an acquaintance at a good bank

is? Make up your mind now that you will be a regular depositor with this bank, that you will GROW UP WITH IT, and, as the years pass, you will number it among your staunchest friends. It wants your friendship; it wants you to succeed, and it wants you to have a part in its success.

Some banks give out the album and stamps only to persons who have a savings account in the bank. Starting off with newspaper advertisements telling the plan causes many new accounts to be opened, and more are started as the lucky children begin to show their "Thrifty Alexander" stamps to their companions.

Other banks use the stamps for general publicity and give them away to all comers at certain hours, usually outside of regular banking hours, as from noon to 3 p. m. Saturdays.

"Thrifty Alexander" also appears in the form of street car cards and moving picture theatre slides, with weekly changes for a year. The Los Angeles bank is using the cards in 750 street cars.



The Farmer and the Banker

Getting Points of Contact for Advertising

THE vast majority of banks in the country are in direct touch with agriculture, the nation's basic industry. Many of them in their advertising appeal for farmers' deposits and business, either constantly or occasionally.

The ideas of the editor of this department as to suitable "farmer" bank advertisements are shown by the reproduced advertisement of the Reuss State Bank, Naperville, Ill., and the following seven advertisements prepared by him:

BUSINESSLIKE FARMING

The Blank National Bank does not propose to tell the farmers of this vicinity how to run their business, but we believe that it pays to use the most modern and approved methods in every branch of farm work.

We are particularly well equipped to serve the farmer in his financial matters. Start an account here. This bank will give you a hearty welcome and is sure that it

can help you in every practical way if you will give it the opportunity.

THRIFT ON THE FARM

It takes brains as well as muscle to run a farm nowadays, and it is the keen and foresighted farmer that gets ahead. There is no better illustration of the possibilities of thrift on the farm than the frequent cases of renters who become owners by

The Independent Farmer

The farmer is the most independent worker in the world. His soil rightly worked, good seed properly sown, crops properly rotated, and his harvest carefully gathered, he gets a return more satisfactory than that of most men's investment of capital in business.

And the farmer controls the expenditure of a much larger percentage of his yearly revenue than does the city man.

Handling all his money matters through a strong, service-giving bank like the Reuss State Bank, and building up a reserve fund there, the farmer is truly independent and successful.

REUSS STATE BANK
NAPERVILLE, ILLINOIS

FARMER "COPY"

making the change from paying straight rent to paying interest on a mortgage and gradually paying off the debt.

The ambitious farmer should never forget that a good bank like the Blank National Bank can be one of his best friends, and we cordially invite the farmers of this vicinity to make use of our savings as well as our commercial banking department. We pay compound interest on savings.

THE FARMER AND THE BANKER

are necessary to each other. The Blank National Bank realizes this and knows that the farmers in its territory can be helped on to success by the extension of reasonable loans at fair interest for proper lengths of time.

We are always glad to discuss the matter of a loan with any farmer who means business and has some character, as well as a farm, to back up his application for financial assistance.

BRING IN YOUR CROP MONEY

Farmers, every cent you receive in payment for your crops should be deposited in the bank at once.

Your cash will be safe in the Blank National Bank, while being a depositor here will give you the valuable privilege of making all of your larger payments by

check and it will give you the right to borrow money when necessary, and it will open up to you all the conveniences of a good banking connection.

A FARMER'S BANK ACCOUNT

gives his banker an insight into his business methods in managing his farm. The farmer, if he handles his affairs well, builds up a credit at the bank which enables him to expect and receive the aid of the bank when needed.

The Blank National Bank suggests to all its farmer friends the advisability of depositing all crop money in this bank, even if they are likely to check most of it out at once.

A PERIOD OF HIGH PRICES

such as we are entering upon now is going to be a time of prosperity for farmers because they have abundant products to sell at the high prices.

We would remind the farmers of this section that it is the part of wisdom to preserve part of their present prosperity in the form of deposits in the bank, forming a reserve fund and a basis for credit as emergency or opportunity may arise in the future.

A LESSON FROM THE SOUTH

The sad predicament of the South because of dullness in the cotton market due to the war should emphasize for farmers in all parts of the country the importance of diversifying crops.

The South has been largely a one-crop country, so that when the cotton market is demoralized, as at present, the whole cotton belt suffers. There is now a wide movement there, as well as elsewhere, to diversify crops, and this bank believes that this will work out to the immense benefit of the farmers and their land.



Federal Reserve Association

How National Banks are Advertising
Their Membership Therein

ABOUT the best newspaper advertisement in connection with the opening of the Federal Reserve Banks was the full page of the Batavian National Bank, La Crosse, Wis., at least as far as our observation went. We take pleasure in reproducing it.

A number of national banks which never had a savings department before

are starting such a department now under theegis of the Federal Reserve Association and are so advertising, among them the Seattle National Bank.

The Illinois National Bank of Peoria, Ill., ran this advertisement:

THE NEW CURRENCY LAW

just becoming operative, will stimulate trade, commerce and manufacturing.

As a member of the Federal Reserve Association, the Illinois National Bank will have a part in promoting the better conditions made possible by a sound and elastic

MONDAY

La Crosse Leader-Press

NOVEMBER 16, 1914

TODAY marks the beginning of the new Banking System, which will, through the Federal Reserve Banks, correct the defects of the National Banking System.

By mobilizing the supply of gold and the bank reserves, and providing a sure and sufficient supply of currency and a place of re-discount, the possibility of financial disturbances such as this country has seen in the past, will be largely removed.

It is a matter of pride to us that this Bank believed in the necessity and wisdom of this legislation and the patriotism of the heads of our government at Washington, in the face of a determined and partisan opposition on the part of many others, and that this Bank was the *First Bank* in this Reserve District to apply for membership in the new system.

It should be a matter of satisfaction to the people of this Federal Reserve District that today this is the most prosperous section of the United States. With the large crops, its conservative business men and its strong banks, conditions are more nearly normal here than elsewhere.

The management of this bank has always believed that a bank should use its deposits to aid all legitimate business in this community, in a safe and conservative way, and within the limitation of the National Bank Act, and under the close supervision of its Board of Directors.

Its surplus funds have for years been largely invested in high grade commercial paper, easily and quickly liquidated in time of unusual local demand--such paper as will be accepted for re-discount by the Federal Reserve Bank.

As a result of this policy, this Bank was enabled during the period of disturbance following the beginning of the European war, to supply all legitimate demands for currency, to supply all demands for loans from its customers and to purchase large amounts of commercial paper to help the movement of the crops and the manufacturing and business interests elsewhere, without the issue of emergency currency, without re-discounting, without impairment of our usual reserves, so common in other sections.

Below is a copy of our last statement to the Comptroller. Note the large Stockholders' Responsibility, in proportion to the Deposits--over ONE MILLION DOLLARS--the ample reserves, the liquid assets--two-thirds of our loans mature within 90 days, all within six months--and the Officers and Directors have no hesitation in saying they believe the assets are worth at least the amount for which they are carried.

RESOURCES

Loans and discounts	\$1,922,324.48
Overdrafts	1,276.57
U. S. 3 and 4 per cent bonds	336,048.00
Other bonds	570,142.50
Stock in Federal Reserve Bank	5,500.00
Banking house and fixtures	45,000.00
5% redemption fund	16,052.00
Cash	262,700.15
Due from banks	525,414.19

\$3,684,349.00

LIABILITIES

Capital stock	\$ 400,000.00
Surplus	150,000.00
Undivided profits	60,000.00
National Bank notes outstanding	221,040.00
Deposits	2,744,740.75
Reserved for taxes	9,608.25

\$3,684,349.00

The policy of the past we shall continue in the future.

Our first aim will be to be *Safe*, our second will be to be helpful to all local interests and after that to the Upper Mississippi River Valley.

We solicit *all* or *part* of your business.

Let us tell you how the new Banking System is going to help you.

Batavian National Bank

currency adjusted to the needs of business, and greatly superior to the old one controlled in a way that did not make for permanent prosperity.

The Guaranty Trust Company of New York has prepared a revised digest of the new law that gives in concise form the various provisions of the new act. The pamphlet contains also a complete list of governors and directors of the Federal Reserve Banks, as well as the names of the members of the Federal Reserve Board and the organization committee.

In its interesting house organ, "Money Matters," for December, the National Bank of Germantown, Philadelphia, used the following explanatory article concerning the new banking system under the title, "Good Effects of the New Banking Law":

The new Federal Reserve banking act has now been in full operation for almost a month, so that the business public has had a fair chance to realize the great value of the vast association of which this bank is a part.

If your credit is good, this bank can accept paper from you when you are the seller and discount it, thus giving you the proceeds of the sale at once. This bank, if it needs the funds, can rediscount this paper at the Regional Reserve Bank, if it meets with the requirements of the Federal Reserve Board, which, in brief, are that the paper is issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds are to be used for such purposes, and the paper will be collected when it matures.

Individuals, firms and corporations will not carry accounts with the Federal Reserve Banks, but the benefits of the act are to be received by them through the member banks (of which this bank is one) with which they may have dealings.

This act is not intended to assist the man who is dealing in mortgages, stocks or bonds, but it will do so, however, to a certain extent eventually by giving the banks more to use for these latter purposes.

Heretofore, in times of stress, each bank of necessity conserved its own resources to protect its depositors and borrowers; now the resources of each member bank are so co-ordinated and centralized that there is no further necessity for such action, their resources being placed in a common fund, so to speak, for the benefit of the whole.

Under the former bank law a larger reserve against deposits was required of national banks.

Part of the money formerly required as reserve is now available for loans, but because the law permits this reserve decrease it should not be expected that the whole excess will be used, for it is wise to keep larger reserves than required by law.

As a result of this new law, business is improving and our foreign exchange market is almost normal. The hearty co-operation of the banks with the government is bearing good fruit and will do more for the people of this country in the next few months.

Thus, no matter what business or financial conditions may arise, a bank which is a member of the Federal Reserve System, will always have an unfailing resource for meeting any unusual withdrawal of deposits or for making loans on those forms of commercial paper acceptable for rediscount with the Federal Reserve Bank.



Choose Good Mediums Only

AN advertisement is the same in any paper. But the subject matter around that advertisement, news and editorial, is the company, good or bad, by which the advertisement is judged by the public. It should be, too, the criterion by which the advertiser judges the readers of that paper—for no newspaper rises above its readers. Quality circulation means two things: A quality newspaper—one that is respected by its readers. Quality readers—readers worth advertising to—readers with buying power and with confidence in the proposition or institution their paper advertises—*H. K. McCann.*



Saving for Education

How the State University Helps Missouri Bankers to Advertise

THE school of journalism of the University of Missouri has prepared a series of advertisements for the banks of that State in which the cause of education and the encouragement of the habit of saving are admirably united.

The service is sent free to all Mis-

souri banks that will use it, and the dual purpose of the campaign is clearly indicated in the copy.

"If you will open an account with us when your son enters high school," says one of the advertisements, "and let him help you each week, by the time he completes his high school course there will be sufficient in the fund to take him through college."

Of course the University of Missouri is mentioned in each advertisement, the purpose being to have parents save money with the education of their children as an objective, and then use those savings by sending the young people to the Missouri institution.

The campaign is being worked out under the direction of J. B. Powell, instructor in advertising in the State University. One of the advertisements reads as follows:

THE COST OF AN EDUCATION

Taking the University of Missouri as the standard, the cost of sending a child away to school averages around \$300 a year.

If you will open an account with us when your son enters high school and let him help you each week, by the time he completes his high school course there will be sufficient in the fund to take him through college.

Let us show you how small an amount each day at 3 per cent. interest will insure your son a college course.



How Banks Are Advertising

Note and Comment on Current
Financial Advertising

HOW banks are taking hold of the Savings Bank Section's movie show, "The Reward of Thrift," is shown by the newspaper advertisement used by the State Bank of La Crosse.

The First National Bank of Los Gatos, Calif., referred to the play in its house organ, "Bank Service," as follows:

THE REWARD OF THRIFT

The anniversary entertainment furnished by this bank on Tuesday, October 20th,

apparently was very much appreciated if the attendance was any indication. In the afternoon the children of the public schools marched to the theater in a body and were shown the reels; at the evening performance nearly three hundred individuals attended on complimentary tickets furnished by this bank.

We are very happy to have added to

No amount more death in a money game and is reward from the Fifth story of a day-earner. But there are more hundreds in the daily life of an honest worker on the New York newspapers.

The Reward of Thrift

Shows the daily life of those reckless dare-devils.

The American Bankers Association

had the Vitaphone Company make a three-part moving picture to encourage saving. No expense was spared in making a picture equal in interest and in thrills to the best of the current features, and the result is an absorbingly interesting story that will thrill and entertain, and at the same time depict most vividly the value of saving.

Arrangements were made to have these pictures shown in this city at the Casino Theatre, on Thursday Afternoon and Evening.

Everyone Who Wants Money, Everyone Who Will Ever Need Money, Should See These Pictures

STATE BANK OF LA CROSSE

BOOSTING THRIFT

the pleasure of so many and hope the lessons of Thrift promulgated in the pictures may produce the habit of thrift in the lives of those witnessing the entertainment.

Secretary E. G. McWilliams of the Savings Bank Section reported in last October that "The Reward of Thrift" at that time had been exhibited in forty-one States and Canada, including 491 cities and 704 theatres. By this time, these figures undoubtedly been doubled.



A great many 1915 Christmas Money Clubs, Christmas Savings Clubs, Thrifts Clubs, and other schemes of that ilk were launched last month. The vogue of these things is doubtless due to the fact that man is a gregarious animal, and also that he likes to have things all planned out for him.



"The A, B C of the War Tax" is the title of a thirty-two page and cover booklet issued by the Corn Exchange National Bank of Philadelphia, containing a list of articles taxed un-

der the new revenue act, with the complete text of the law. The Capital National Bank of St. Paul issued a similar booklet as did many other banks. The American National Bank of Atlanta issued a summary of the points of the law effective December 1st, 1914, in the form of a folder in which cancelled checks were returned to depositors on the first of last month.



The eye rests with delight upon the ad. of the Northern Trust Company of Chicago. It shows that a printer can be a real artist when he has it in him and takes the pains. There is



EXPERT SERVICE

Business men entrust their law suits to lawyers, and their building operations to architects. Why should they not delegate the highly specialized function of investment to a responsible trust company? It has the facilities and experience to relieve busy men of such cares.

This company is thoroughly equipped to act as agent or trustee, to handle estates or make investments, at a cost which is less expensive than a busy business man's time.

CAPITAL \$2,000,000
SURPLUS \$1,500,000

**THE NORTHERN
TRUST COMPANY**
LA SALLE AND MONROE STREETS

ONLY ONE CRITICISM

only one typographical flaw in this advertisement and that is the "break-over" for the word "time" at the end of the second paragraph. It could have been avoided by omitting the word "business" in the preceding line, and nothing would have been lost.

The Peru Trust Company of Peru, Ind., sent us its "Safety First" advertisement for criticism. We reproduce



You want a bank of strength
AND SAFETY.

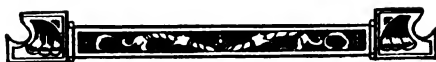
You want courtesy and consideration
AND SAFETY.

You want intelligent handling of your business
AND SAFETY.

It's what you get at this bank.

Not a dollar has ever been lost to a depositor in a Trust Company in Indiana.

THE PERU TRUST CO.



STRONG ARGUMENT BURIED IN LAST PARAGRAPH

the advertisement herewith, and a copy of our reply to the bank is as follows:

In regard to your advertisement, there is some very good matter in it, but we think that you could have made a stronger advertisement if you had taken the last paragraph of the ad., namely, "Not a dollar has ever been lost to a depositor in a trust company in Indiana," and use that as a display headline, not using any cuts at all in this advertisement.

The reason we make this suggestion is that the expression "Safety First" has been worked to death as it has been used by so many institutions that it has become trite. There is nothing attractive about the cut which was used in that advertisement. Your repetition of the words "and safety" is good, but this could be done just as well by changing the ad. around and using the headline as we suggest.



Just before Christmas every one of the 700 men whose business it is to assist in the actual making of flour at one of the big mills in Minneapolis received in his pay check a gift of \$25.



GOOD NAMEPLATE

It was a part of the Minneapolis company's profit-sharing scheme. The only "string" tied to the gift was that the employees must open a savings account in some bank. In this way the company gave more than so many dollars. It gave the gift of thrift. Why not urge some of your directors who are employers to follow this example with the proviso that the savings account be started in your bank?

©

"Concerning Wills and Trustees" is a superb brochure put out by The Ohio Savings Bank and Trust Company of Toledo, O. It is a two-color job, brown cover, antique stock, deckled edges, as to its mechanical make-up, and is excellently written.

©

The First National Bank of Lewiston, Me., gave away a war map of Europe with its compliments, and at the bottom of the map was a brief summary of the causes of the war.

©

The National Shoe and Leather Bank, of Auburn, Me., has issued a couple of very interesting and attractive booklets entitled, respectively, "Plans for Saving Money" and "Valuable Articles Absolutely Protected."

©

Referring to the Salt Lake City, Peoria and Tenaflly advertisements, grouped together, we would say that the first two meet with our full approval except the too fine type in the Merchants Bank ad. As to the New Jersey advertisement, we suppose the object upon which the words "In the Public Service" are graven is meant to

be a block of rock from the Palisades hard by Tenaflly, but as it appears it

Business Is Business.

But—

Times are changing. Business is warming up. There's less apathy and more man-to-man fellowship. At the year's end men now not only take account of their earnings, but also of the friends they've made. In this new order of business we're glad to be among the leaders. Our officers are always accessible. We try to know each depositor personally. We try to make all business relations as human as possible. Call some time soon and get acquainted. 4 per cent interest paid on savings.

"The Bank With a Personality"

MERCHANTS BANK

Capital \$250,000.00. Member of Salt Lake Clearing House.

JOHN PINORKE, Pres. CHAS. E. KAISER, Vice Pres.

L. M. PEABODY, Cashier.

Cor. Main and Third South. SALT LAKE CITY, UTAH.

Your Business Cabinet

Many of the most successful enterprises have an advisory council or cabinet made up of department heads.

The smaller business man without a large organization under him cannot have such a business cabinet, but as a depositor in the Illinois National Bank he can cultivate his acquaintance at the bank and get the benefit of sound business and financial counsel when he feels the need of it.

The Illinois National Bank

OF PEORIA
UNITED STATES DEPOSITORY



THREE IDEAS

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

This bank has served many generations of business men in Philadelphia and the country at large, through more than a century and a quarter, occupying the same location.

Throughout its long history **Conservatism** and **Efficiency** have been its twin watchwords.

To-day with Capital of \$1,000,000, Surplus and Undivided Profits of \$2,789,341, and Total Resources of over \$18,500,000, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

ACCOUNTS OF BANKS, BANKERS, CORPORATIONS, FIRMS AND INDIVIDUALS SOLICITED

HARRY G. MICHENER, President
WILLIAM J. MURPHY Asst. Cashier
SAMUEL D. JORDAN, Cashier
RICHARD B. McKINLEY Asst. Cashier
CHARLES M. PRINCE, Asst. Cashier

THE BANK OF NORTH AMERICA

(NATIONAL BANK)
PHILADELPHIA

1914

PERFECT TYPOGRAPHICAL BALANCE

is strongly reminiscent of the yarn about the country printer, who, finding himself at press time short several "sticks" of copy, locked up his plug of tobacco in the form and let it go at that.

The "Link the Americas" advertisement is part of a big newspaper and magazine campaign inaugurated, since the breaking out of the European war, by the Fidelity Trust Company of Baltimore.



Link the Americas

Thru the Commercial Cruise Around South America

Organized by the Travel Department of the Fidelity Trust Co., of Baltimore, for Bankers, Manufacturers, Exporters and Importers

To West Indies, to every important port on East and West Coasts of South America and thru the Panama Canal

An unusual opportunity for opening commercial relations with South America is at hand. The door to South American trade is wide open, but the business men who want South American trade must go after it. Personal

contact—a close study of trade conditions, is the only key to South American wealth. A commercial cruise is the answer.

The twin screw S. S. FINLAND, favorably known by America's tourists—an American built vessel of 22,000 ton displacement, sailing under the American flag, has been chartered from the International Mercantile Marine Company.

Itinerary: Leave New York January 22d; Baltimore, January 28th, via West Indies, making complete circuit of South America stopping at all the important cities of the East and West Coasts, returning down the Panama Canal; fifty-one cruising days; fifty-four days in ports, the length of time in each port being regulated by the requirements of the market.

Cost: The cost of trip is small for the splendid accommodations afforded. \$600 and upwards for 100 days—\$7.54 minimum per day.

Special Features: Every provision for the promotion of To appreciate the full significance of the opportunities afforded by this Commercial Cruise, write at once for details and make your plans now.

Tourist parties invited. Ample accommodations for ladies.

ADDRESS:

TRAVEL DEPARTMENT
THE FIDELITY TRUST CO.
202 N. Charles St. Baltimore, Md.



A year ago, the National Shawmut Bank, of Boston, adopted the plan of issuing a specially designed check for sending Christmas money. The demand for these checks was so large among its depositors that the bank has decided to make it an annual practice to advertise the checks. Last November the bank sent out a circular illustrating the design of the checks and enclosing a reply post card worded as follows: Gentlemen: Please send me Christmas checks, lithographed in gold and colors, at ten cents each, charging my account with the amount."



For a perfectly balanced ad. we call attention to that of "The Oldest Bank in America," which is reproduced from a full page in the "Bankers Directory."



Speaking of wills, the German American Trust and Savings Bank, Los Angeles, has issued in a fine booklet a reproduction of ten advertisements on that subject that appeared in the local newspapers. The collection is a strong and interesting exposition of the subject.



Have a Plan This Year

YOU will get better results from your advertising if you take it up as a whole, not piecemeal. Get your board of directors to vote a certain appropriation for your advertising in 1915. Make it liberal enough, get good advice and copy, then go ahead and give your advertising time to get up its momentum before putting on the brakes.



Bank Advertising Exchange

Those listed herewith are willing to exchange booklets folders and other advertising matter issued by them. Subscribers can get on this list free of charge by writing to the editor of this department.

Watch for new names and other changes.

F. R. Adams, Will Co. National Bk., Joliet, Ill.
 American National Bank, Richmond, Va.
 D. Ansley, care Central Trust Co., San Antonio, Texas.
 Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.
 A. F. Bader, publicity manager, City National Bank, Evansville, Ind.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York.
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 C. J. Bevan, cashier, Exchange Bk., Genoa, Ill.
 E. L. Bickford, cashier, First National Bank, Napa, Cal.
 W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.
 R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 E. M. Baugner, president, The Home Building Association Co., Newark, Ohio.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
 E. C. Burton, vice-president, Penn. National Bank, Chester, Pa.
 Stephen L. Burwell, vice-president, First National Bank, Jackson, Miss.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Citizens National Bank, Oconto, Wis.
 Commercial Bank, Midway, Kentucky.
 R. S. Coohan, 518 W. 63rd Street, Chicago, Ill.
 H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
 David Craig, Tradesmens National Bank, Philadelphia, Pa.
 Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Ekirch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, publicity manager, Guaranty Trust Co., New York.
 The Franklin Society, 38 Park Row, N. Y.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lehi, S. D.
 Jas. P. Gardner, Montclair, N. J.
 C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 B. P. Gooden, advertising manager, New Netherland Bank New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, manager publicity department, The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 Jessamine G. Hoagland, publicity manager, National City Bank, Chicago, Ill.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 N. W. Johnston, president, Illinois Trust & Savings Bank, Champaign, Ill.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

W. K. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

Kennett Trust Co., Kennett Square, Pa.
Grover Keyton, New Farley National Bank, Montgomery, Ala.

Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.

M. R. Knauff, assistant cashier, Merchants National Bank, St. Paul, Minn.

George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kans.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

A. E. Lindhjem, assistant cashier, Scandinavian American Nat. Bank, Minneapolis, Minn.

L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Will E. Morris, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Nebraska State Bank, Ord., Neb.
Old State National Bank, Evansville, Ind.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

A. E. Potter, president, Broadway National Bank, Nashville, Tenn.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

W. W. Russell, cashier, First National Bank, White River Junction, Vt.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.

Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

T. K. Smith, Jr., manager, Gimbel Brothers Bankers, New York City.

J. G. Spangler cashier, The Mesa City Bank, Mesa, Ariz.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

A. C. Tonsmeire, cashier, City Bank & Trust Co., Mobile, Ala.

Union Trust Co. of D. C., Washington, D. C.

F. H. Williams, assistant treasurer, Albany City Savings Institution, Albany, N. Y.

John W. Wadden, Lake County Bank, Madison, S. D.

Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.

C. C. Willson, care of Continental & Commercial Trust & Savings Bank, Chicago, Ill.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES.

Federal National Bank, Denver, Colo.
Bank of San Rafael, San Rafael, Cal.

Book Reviews

THE FEDERAL RESERVE ACT. By C. W. Barron, Boston: Boston News Bureau Company.

IN this republication in book form of a series of twenty-eight essays originally appearing in "The Wall Street Journal" and "Boston News Bureau," one will find a careful statement of the deficiencies in our banking system which the Federal Reserve Act was designed to remedy, and a thorough explanation of the provisions of the new law.

There is much solid information in the volume and it is presented in a very interesting form.

Mr. Barron's long and close study and observation of banking and finan-

cial events especially qualify him to write instructively of the new banking law as well as of the various collateral matters.

This is one of the treatises on the Federal Reserve Act sure to have lasting value.



WEBSTER'S IMPERIAL DICTIONARY.
Akron, Ohio: The Saalfeld Publishing Co.

WHILE it is frankly announced that "This dictionary is not published by the original publishers of Webster's Dictionary or by their successors," the claim is made that this is "The one great dictionary by which all



AMORY ELIOT
RECENTLY ELECTED PRESIDENT OF THE WEBSTER AND ATLAS
NATIONAL BANK, BOSTON

others are measured." It is also stated that the book is new throughout and is printed from new plates; that it contains 2,205 pages and 2,500 illustrations; that there is no supplement and no added words; that every word is defined where it belongs; and that the volume contains a complete atlas of the world. It is presented in a variety of bindings, at different prices; and there are also editions suited to a wide range of requirements, both as to size, style and cost.

Besides the spelling, pronunciation, etymology and definitions, "Webster's Imperial Dictionary" contains many other valuable features; such as, a modern gazetteer of the world, dictionary of authors, dictionary of noted names in fiction, mythology, etc., dic-

tionary of foreign words, phrases and colloquial expressions, pronouncing dictionary of Scripture proper names, Greek and Latin proper names, dictionary of biography, signs and symbols used in writing and printing, marks used in proofreading, values of standard foreign coins, list of proposed amended spellings, a department devoted to faulty diction, and a complete atlas of the world.

The mechanical structure of "Webster's Imperial Dictionary" is undoubtedly good, and in other respects it appears to be meritorious. A dictionary is a volume whose real worth can be proven only after a long daily test. The publishers of "Webster's Imperial Dictionary" seem to invite that test with confidence.

New President of the Webster and Atlas National Bank, Boston

MR. AMORY ELIOT, who was recently elected president of the Webster and Atlas National Bank to fill the vacancy caused by the death of Mr. John P. Lyman, who for many years had occupied the position, has been a director of the institution since 1906 and prominent in its affairs. He is a member of the Harvard class of '77, was graduated from the Harvard Law School and became a member of the Bar. He is a trustee of the Suffolk Savings Bank; director of the New England Casualty Company and of the Boston Real Estate Exchange, Boston Chamber of Commerce and many large building trusts.

There has been no further change in the officers, Raymond B. Cox continuing as vice-president, Joseph L. Foster, cashier, and Robert E. Hill, assistant cashier.

The Webster and Atlas National Bank was formed in 1904 by the merger of the National Webster Bank, organized in 1853, and the Atlas National, organized in 1833. The career of the bank since that date has been uniformly successful. While its capital remains at the former figure of \$1,000,000, its surplus and profits have been increased in ten years from \$675,000 to over \$1,200,000. Its total assets on October 31, 1914, were \$7,294,000.

The directors of the bank include the following well-known names: Charles B. Barnes, Jr., Joseph S. Bigelow, Alfred Bowditch, Theodore G. Bremer, William R. Cordingley, Raymond B. Cox, Amory Eliot, John W. Farwell, Robert H. Gardiner, Walter Hunnewell, Homer B. Richardson, Richard S. Russell.



BUILDING OF THE INTERNATIONAL TRUST COMPANY, BOSTON

Modern Financial Institutions and Their Equipment

The International Trust Co., Boston

WITH its merger with the Lincoln Trust Company, the International Trust Company of Boston entered upon a new career, which promises to be one of the substantial banking successes of Boston. The Lincoln Trust Company was the younger and smaller institution, but it had made a good record under the leadership of Charles G. Bancroft, who became president of the combined institution, and has since conducted its affairs with conspicuous success.

Mr. Bancroft was a native of Lancaster, Mass. A graduate of the Boston University Law School and a member of the bar, he became associated with various banks as counsel, and was at one time a director of the Clinton (Mass.) National Bank. When the Jewelers National Bank of Attleboro, Mass., suspended, he was made receiver and wound up its affairs to the entire satisfaction of those interested, and when the Lincoln Trust Company was organized he became a director and later assumed the presidency. In February last the Lincoln was merged with the International Trust Company and Mr. Bancroft became president of that institution, with assets of over \$12,000,000.

The main office of the company is located at the corner of Milk and Devonshire streets in a modern building valued at over a million and a half dollars. The entire main floor is fitted up with the various banking departments, while the transfer department and safe deposit vaults are located in the basement, with entrances both from the banking rooms and from the street.

A branch has recently been established at the corner of Summer and Lincoln streets, equipped with all the facilities required by its many customers located in that section.

Besides the various departments of the modern trust company provided with facilities for all the demands of its customers, the company has recently established a fully equipped savings department. The company is also trustee of many important trusts, its total assets in this department being nearly \$1,500,000.

The company is a legal depository for trust funds and as a reserve agent for out-of-town state banks and trust companies it has been approved by the rigid examination of the New York State banking department.

The October 31st statement of the company makes the following strong showing:

ASSETS.

Bonds and stocks.....	\$2,085,177.57
Loans on real estate.....	74,702.92
Demand loans	778,486.06
Time loans	6,400,860.46
Syndicate participations.....	88,000.00
Banking house	1,006,166.99
Stock of company for distribution	2,200.00
Cash and reserve.....	2,001,955.06
	<hr/>
	\$12,437,549.06

LIABILITIES.

Capital stock	\$1,000,000.00
Surplus and profits.....	1,109,706.11
Deposits	10,327,842.95
	<hr/>
	\$12,437,549.06

The full list of officers and directors follows: Charles G. Bancroft, president; Frederick Ayer, vice-president; Henry L. Jewett, vice-president and secretary; Clifford B. Whitney, treas-



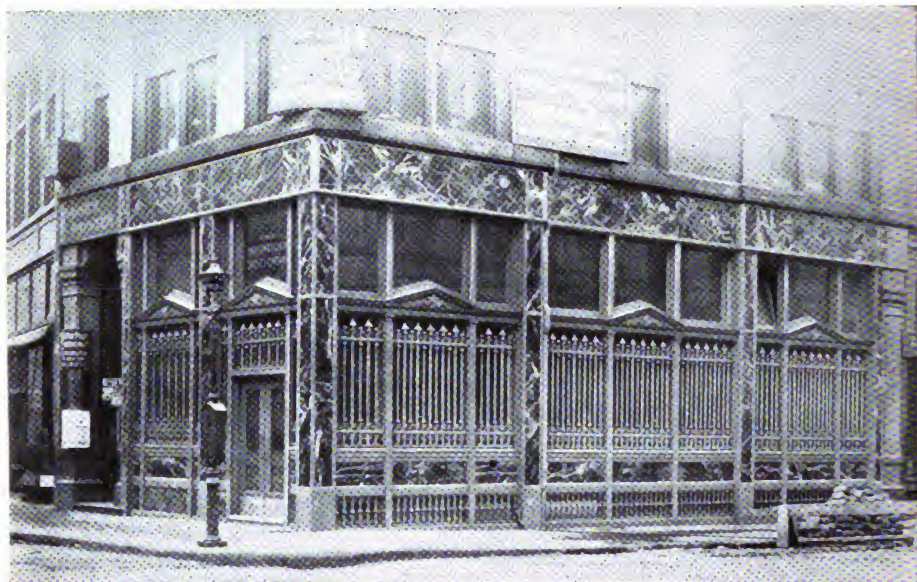
CHARLES G. BANCROFT
PRESIDENT INTERNATIONAL TRUST COMPANY, BOSTON



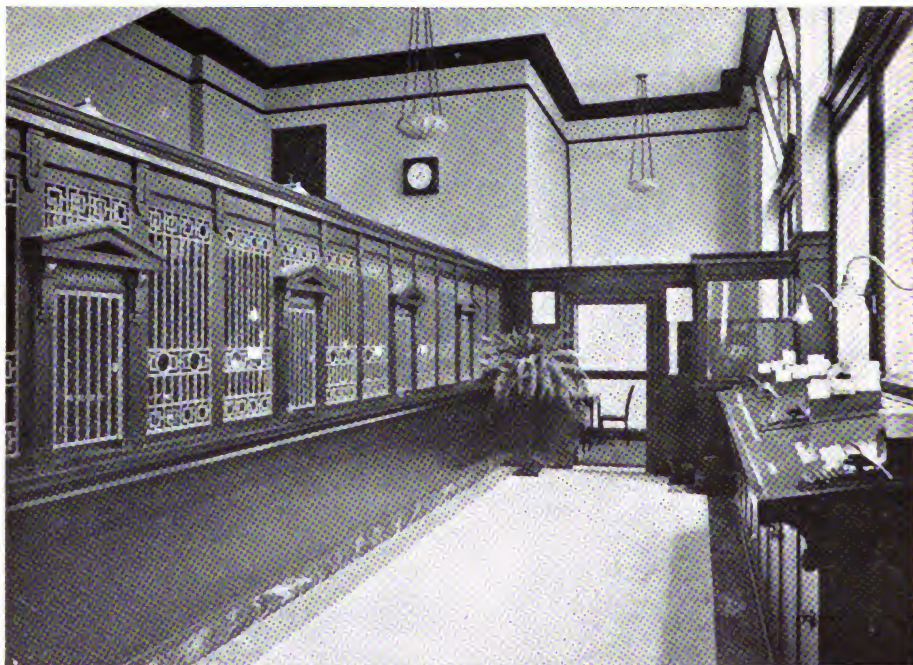
MAIN BANKING ROOM



ENTRANCE TO SAFE DEPOSIT VAULTS AND TRUST DEPARTMENT
INTERNATIONAL TRUST COMPANY, BOSTON



BRANCH OFFICE, CORNER SUMMER AND LINCOLN STREETS



BANKING ROOM, BRANCH OFFICE
INTERNATIONAL TRUST COMPANY, BOSTON



TRANSFER DEPARTMENT, MAIN OFFICE
INTERNATIONAL TRUST COMPANY, BOSTON

urer; A. Francis Hayden, trust officer; Edward H. Graham, Assistant secretary and assistant treasurer; Chester B. Pierce, assistant treasurer.

Directors: Cecil Q. Adams, Samuel G. Adams, Frederick Ayer, James A. Bailey, Jr., Charles G. Bancroft, Thomas Barbour, Elmer J. Bliss, Edwin P. Brown, Alonzo N. Burbank,

William W. Crapo, Henry V. Cunningham, Wendell Endicott, Oliver M. Fisher, John M. Graham, Walter B. Henderson, John M. Longyear, George B. H. Macomber, Robert M. Morse, William A. Muller, James J. Phelan, Edmund H. Talbot, Loren D. Towle, Herbert F. Winslow, Sidney W. Winslow, Jr.



Bank a Co-operative Association

AT the "prosperity luncheon" of the Merchants Association of New York late in November, Mr. Irving T. Bush, president of the Bush Terminal Company, called attention to the close relations between the banker and business man. He said:

"There is no reason for thinking, as many do, that the interests of the banker and the merchant are distinct and apart. They are absolutely united

and can never be separated. A bank is nothing but a coöperative association of business men. The stockholders of the average bank are men engaged in trade, and the very affairs of the bank are directed by a group of business men as directors. Many people to-day do not even realize what a bank is, and much less what the new Federal Reserve Banks are."



ASHTON G. CLAPHAM,
PRESIDENT COMMERCIAL NATIONAL BANK, WASHINGTON, D. C.

ONE of the large and successful banks of the National Capital is the Commercial National Bank, of which Mr. Ashton G. Clapham is president, and to whose energy and sound financial judgment much of the bank's growth has been due.

Mr. Clapham began his business career as assistant secretary of the Mutual Fire Insurance Company of Loudoun County, Va., and from this position he went to the Loudoun National Bank of Leesburg, Va., then assisted in organizing the Bank of Manassas, Va., and took the position of assistant cashier. From there he went to the First National Bank of Farmville, Va., as cashier. In 1901 he became treasurer of the Merchants-Mechanics Savings Bank of Washington, and the following year was elected cashier of the National City Bank, remaining with that bank until May, 1908, when he was elected vice-president of the Commercial National Bank, and in January, 1911, he was elected president.

Mr. Clapham's name is being prominently mentioned in connection with the position of treasurer of the American Bankers Association.

The Influence of the Federal Reserve System on Borrowers' Statements

By CLINTON H. SCOVELL, A. M., C. P. A.*

THE creation of the Federal Reserve System with the emphasis placed on the rediscounting functions and the regulations defining commercial paper eligible for discount, has brought prominently before the bankers of the country the real value of verified financial statements.

Although the Federal Reserve Board announces that "for the time being certified accountant's statements will not be required," "this matter is reserved for regulation at a later date." The board has prescribed certain basic principles for the guidance of Federal reserve banks: (a) proceeds of notes discounted are not to be applied to permanent investment, (b) maturities are to be well distributed, and (c) bills should be of such character that it is reasonably certain that they can be collected when they mature.

Double-name paper drawn on a purchaser against an actual sale is *prima facie* available for rediscount.

"Inasmuch, however, as single-name paper does not show on its face the character of the transaction of which it arose—an admitted weakness of this form of paper—it is incumbent upon each Federal reserve bank to insist that the character of the business and the general status of the concern supplying such paper should be *carefully examined* in order that the discounting bank may be certain that no such single-name paper has been issued for purposes excluded by the act, such as investments of a permanent or speculative nature. Only careful inquiry on

these points will render it safe and proper for a Federal reserve bank to consider such paper as a 'self-liquidating' investment at maturity."

The member banks presenting paper for rediscount must have a statement from the borrower "signed under oath" and containing "a short general description of the character of the business, the balance sheet and the profit and loss account." Assets and liabilities are required to be classified, and the regulations provide that "short-term loans should be in proper proportion to quick assets, and the statement should contain satisfactory evidence that short-term paper is not being sold against permanent or slow investments."

The member bank certainly assumes an important responsibility, for the regulations say:

"The affixing of the stamp (stating that the paper is eligible for rediscount) will be considered a solemn and binding declaration by the member bank that the (borrower's) statement, has been examined from the point of view of the regulations, and that the paper bought complies with all the requirements of the law and the regulation hereby imposed."

The question that really needs to be considered is, how far a banker can safely rely on the borrower to make a correct statement of his affairs, and then how well the banker can satisfy himself that the statement is correct.

It is common knowledge that unverified financial statements furnished by borrowers are usually optimistic and often positively misleading. In an address before the American Association

*Of the firm of Clinton H. Scovell & Co., Certified Public Accountants and Industrial Engineers.

of Public Accountants at Chicago, in September, 1912, Mr. David R. Forgan, president of the National City Bank of Chicago, said:

"In a bank managed by experienced men, almost all the losses are due to one cause—namely, incorrect statements either innocently or wickedly made by the borrower. Any banker of average intelligence can tell a good statement from a bad one—provided it is a true statement. But there's the rub! Is it a true statement? In many cases the revelations coming after bankruptcy prove that the statements recently submitted as a basis of credit were so far from true that they must have been deliberately made to deceive the banker. I say this after making full allowances for change of conditions and point of view. This does not prove, however, that statements are untrue as a general rule. So long as business is prosperous, there is no need for incorrect statements. Experience, however, proves that few men squarely face the facts when their business drifts into trouble, and still fewer have the courage to reveal the truth to their banker. The result is that between self-deception and moral cowardice the banker is deceived into making loans which entail loss, and which he never would have made had he known the facts."

The executive knows that some of his assets are over-valued and that there are liabilities which do not appear upon the books, but he is optimistic and hopes that the next year will show greatly increased profits, and therefore, he allows the optimistic figures to appear on the statements of the current year, hoping that the next year will allow him to adjust them to their true values. It is rare, however, that the hoped for good year arrives, and year after year he signs a statement which does not set forth his approximate financial condition.

In the larger concerns the partners or officers depend on report of subordinates for the statements which show the condition of the business, and it is

a regrettable fact that many executives sign statements without any personal knowledge that the figures presented to them are correct. The banker must have this weakness in mind in appraising the statements presented by many of his customers. Under such conditions the services of independent accountants are needed to verify the declaration of the borrower that the proceeds of the bill will be used for purposes allowed by the act and the regulations of the board.

We get to the heart of the question when we consider in detail the kind of errors that commonly occur in unverified statements. When undertaking audits for new clients, accountants frequently find long continued advances to partners or officers carried as cash; personal loans, doubtful claims and very doubtful accounts carried at full value as accounts receivable, and old out-of-date merchandise carried at its original cost value, although it should have been scrapped long before. While the unverified statements previously given to the bank by these business men were not dishonest, they were unduly optimistic and certainly not a satisfactory basis for loans. The credit files referred to in Regulation No. 4 of the Federal Reserve Board are very good as far as they can go, but without independent verification there is no assurance that the borrowers' statements deposited therein will be any better in the future than similar statements have been in the past.

Cash is capable of direct and exact verification. Credit men in banks and large wholesale houses when appraising statements of smaller concerns have found that it is necessary to inquire how much of the "cash" shown on the balance sheet is on deposit, and how much is on hand at the office, but this inquiry is in fact directed almost solely to determining that the asset is really cash, and not advances and "memos" that are really accounts receivable, and perhaps doubtful assets at that.

Accounts receivable are more frequently under suspicion than the cash. It is hardly necessary to say that the debit balance on partners' accounts, overdrawn salary accounts and similar items should not be carried as accounts receivable in the same class with collectible balances from customers. This is a distinction which many business houses fail to make, but it is essential that this distinction should be made on a statement which is presented as a basis for credit. Even trade accounts receivable must be examined very thoroughly if they are to be established as good quick assets. The professional accountant considers how well the accounts are distributed geographically and otherwise, what the experience of the business has been on credit losses, and if one or two customers owe large amounts, their ability to pay needs to be specially considered. When business houses are hard pressed to make a good showing, it is not uncommon to find them very optimistic in regard to the quality of the accounts receivable, and in a good many instances this optimism is not at all justified by the facts. Often the matter of a reserve for bad debts is entirely ignored, and it is very seldom that a reserve is set up to provide for discounts and freights which will be allowed customers when their accounts are paid.

Merchandise inventories offer the most serious obstacle to a complete verification of current assets in the ordinary statement. There is always the question whether the goods were carefully and accurately counted. Mistakes are frequently made on large inventories, not only as the result of wrong count, but because of wrong classification. There must next be considered the price at which the raw material, work-in-process and finished stock are to be taken in the inventory. Costs are not always accurately known, and not infrequently do not apply to the product in question because it is no longer in fashion, as in the case of wearing apparel, or as where castings

and the parts of machines have been superseded by newer models. Raw materials recently purchased for manufacture usually come much nearer to being a quick asset than stocks of finished goods or merchandise, which are subject to the variations of the season or the requirements of fashion. It is clear that there is not only the question as to what a merchandise inventory costs, but also whether it is salable at that price or at any price.

It is a distinct help to a firm of accountants in verifying an inventory to have on their staff engineers and cost accountants who know shop conditions and inventories from the practical experience of several years' work right out in the shop. These men can tell the difference between new and old stock, and "size up" the inventory as no man, trained merely in an office, can hope to do.

It is important that the merchandise as well as the other property be properly covered by insurance.

Serious errors have been known to occur in statements because the values of goods received were reckoned in the inventory, although they had not been paid for, and the amounts of the invoices were omitted from the accounts payable. Even honest bookkeepers blunder over this accounting principle, and it is one of the devices most frequently resorted to by persons who attempt to make a false statement of their affairs.

Some other items may properly appear on the balance sheet as current assets; such for example, as prepaid interest, insurance unexpired, or occasionally extraordinary expenses for advertising or other outlays, which must ultimately be charged to expense, but which may properly be deferred for the time being, and charged over the period benefited by the expenses incurred. Some of these items are capable of exact verification, but others require mature judgment.

Liability for merchandise invoices has already been mentioned as requiring careful consideration with due re-

gard to the inventory assets. Manufacturers who have been careful to have their debts for purchase invoices correctly stated, have sometimes been known to omit a substantial liability for accrued payroll, the value of which has been reckoned in their inventory. Invoices for expense accounts of various kinds are often conveniently left off a statement, if they are not due for payment, when they are in fact debts that have been incurred and should be shown among the liabilities. Experienced accountants know how difficult it is in a large business, to include all such liabilities, and how easy it is in any business for the proprietor to fool himself and thus mislead his banker, by omitting such items from his balance sheet.

Actual liabilities should certainly be recognized and included in the balance sheet, but contingent liabilities are sometimes even more serious. Notes are sometimes accepted for large amounts from customers and promptly discounted. In such circumstances, there is a contingent liability in case the original makers do not pay. There are sometimes important contingent liabilities on contracts for unfinished work, which must be considered if a correct statement is to be made of the borrower's affairs.

Considering these matters, to which attention must be given, if one is to be sure that any statement of assets and liabilities is correct, it is fair to say that only a small part of the verification required can be accomplished by the method of questions and answers (which is the only one available to most bankers), unless one accepts implicitly the answers given by the one who has made the statement.

For the reasons given in detail in the preceding paragraphs, the experienced banker, as well as the accountant, knows that the statement in respect to such matters cannot be implicitly relied upon, even though made by men who intend to be entirely honest. The argument for an independent verification is as unanswerable

as the optimism of human nature itself. The importance of such a verification when the banker has the least reason to be suspicious of the integrity of the borrower is too obvious to require comment. It is significant that the largest and most unexpected losses in the commercial world occur repeatedly from the failure of concerns with honored names and apparent financial strength, who are trusted too far and too implicitly by those whose business it should have been to ask them polite but pointed questions.

The Federal Reserve Board has undoubtedly done a great service to the commercial community by bringing home to banks their definite responsibility for the true worth of the paper which they may desire to present for rediscount. It is a good thing for business men and manufacturers to have the subject raised for thorough discussion. If paper available for rediscount is hereafter to set the standard, *and the rate* for borrowers' money, the bankers will make sure that the statements on which they base their judgment are correct and, to that end, encourage their borrowers to have such statements verified by experienced and independent certified public accountants.

Accountants should be prepared to take full responsibility for the verification of the various assets and liabilities. A few large banks send their own employees to their customers' factories and offices, and so get considerable first-hand information that cannot be brought out merely by conferences with the borrowers. Not infrequently the latter would prefer to have certified public accountants make the verification, not only because of their admitted independence, but because they can often make valuable suggestions in regard to the handling of numerous accounting details, and such related matters as production orders, cost accounts, stock records, etc. Such advice is not only a help in the preparation of a true statement, but a real

constructive service for use in the future conduct of the business.

If the regulations of the Federal Reserve Board bring the whole subject up for more active discussion than it has ever had in the past, as I believe they will, the value of constructive service by accountants is going to receive more and more consideration. Such service will provide the customer of the bank with current information

by which he can run his own business better. "The man who knows and knows he knows" is the man who wins.

Bankers for their own protection will advise independent examinations of borrowers' statements. If such examinations lead to better accounting methods, the influence of the Federal Reserve System will, both directly and indirectly, place business and credits on a sounder and safer basis.

Stamp Tax on Promissory Notes

THE Commissioner of Internal Revenue has announced that until further notice the collectors shall be guided by the regulations of 1898 in imposing the stamp tax on promissory notes. These regulations which are now in effect provide as follows:

"Promissory notes, except bank notes issued for circulation, and for each renewal of the same, for a sum not exceeding \$100, two cents; and for each additional \$100 or fractional part thereof in excess of \$100, two cents.

"A judgment note is a promissory note and is required to be stamped as such.

"Receipts accepted in lieu of promissory notes, as evidence of money loaned must be stamped as promissory notes.

"Promissory notes under seal are taxable the same as other promissory notes and not as bonds.

"Checks used in lieu of promissory notes must be stamped at the rate of two cents per \$100.

"Where a note or notes with detached interest coupon notes are given,

each coupon note requires a stamp in addition to the stamp placed on the principal note.

"Interest coupons attached to bonds and surrendered as receipts for interest paid do not require a stamp.

"No stamp is required upon the transfer by indorsement of promissory notes.

"Where notes secured by a deed of trust are used as collateral, the deed of trust and the notes are required to be stamped, not on the basis of their face value, but on the amount for which they are pledged (that is to say, the memorandum of their pledge must be so stamped). This pledge of notes and deed of trust does not require to be stamped again because of renewals of the notes held as collateral if the pledge itself is not renewed.

"Promissory notes which have matured and have been allowed to run without suit are held not to be renewed by the payment of interest. This is looked upon as a 'forbearance' and not a renewal the holder not relinquishing his right of action for any stated period."

Foreign Banking and Finance

European

SWEDISH LOAN

A LOAN for the Swedish Government in the form of two-year six per cent. gold Treasury notes to the amount of \$5,000,000 was recently placed in New York.



PARIS BOURSE OPENS

WHEN the Paris Bourse opened on December 7 after having been closed since September 3, many brokers and members of the outside public assembled, but their presence was apparently due to curiosity. The cries of stock prices usually heard were absent, and if transactions took place they were effected in the course of conversation.

The market opened hesitating, and the closing was generally good. Rentes were quoted at seventy-two francs fifty centimes. The exchange on London was 25.10.



LONDON STOCK EXCHANGE

CONFIDENCE is undoubtedly increasing in London Stock Exchange circles. The success of the war loan, although it has competed with other Stock Exchange securities, has served to emphasize the fact that there is a lot of money in the country available for investment, and the hope is entertained that now that money has been set in motion by the Government's issue it will not return to the banks and become once more a semi-stagnant deposit.

The momentous Stock Exchange

settlement on a recent date passed off much more satisfactorily than was expected. A number of firms—probably about fifty—have passed their books into the committee, stating that they are unable to meet their liabilities, and in several cases special arrangements have been made. But there has been no instance of one failure causing two others and those two precipitating ten more and the ten involving another fifty, and so on, as was at one time apprehended.

One instance of what has been done will serve as an illustration. A big firm with large debts due from abroad has paid in full all its own debts which severally do not exceed £1,000 (\$5,000), but all debts of more than that amount have only been met to the extent of fifty per cent., with a promise to pay the remainder as soon as the receipt of money due permits. This is a very fair arrangement. Meanwhile the firm does not enter into any fresh business, and its credit, which formerly was very high, is reduced to a very low level.

There is another instance of a firm of two partners which has disappeared, paying nobody. A notice on the door of their vacated office says: "Gone to the Front." But in the meantime it is officially announced that they have ceased to be members of the Exchange.

Business—all on a cash basis—is very quiet. It consists mainly of small investment buying, and, on the other hand, selling of deceased estates. Business is slow because it is done mainly by telephone, and, whereas on the floor of the Exchange it is relatively easy to find a dealer in most stocks, it is often difficult to find a dealer on the telephone who is willing to deal at limit prices. At the present time, however, there is

more buying than selling and consequently prices are inclined to rise rather sharply at times.

One cause of this advance in prices is very obvious: If a broker wants to buy, say £1,000 of stock for a client, he rings up a dealer in that stock and tells him what he wants to do; the dealer if he has no stock on his books rings up all the men whom he thinks may have some to sell; they in turn try to find a seller; so that one actual buyer may in a short time create several apparent buyers who all help to put up the price. When the original buyer has got his stock they are all "off": none of them want it and the price gradually finds a lower level again. Such is the general condition of the London Stock Exchange at the present moment.

In these circumstances it does not matter much whether the Exchange opens or not; business would become simplified by the reopening of the House, and perhaps the public would be better served, but before it is opened the authorities will require to be convinced that in the event of a temporary reverse on land or sea there would be no fear of panic or slump. The real question is: Can fixed minimum prices be maintained in time of panic? Nobody knows because the point has never been tested in open market.



BANK OF ENGLAND'S CONTRIBUTION TO ASSIST TRADE

THE total number of bills of exchange dealt with by the Bank of England under the special moratorium in respect of bills which came into force on August 12 last represents £120,000,000 (\$600,000,000). The Government gave the Bank of England a guarantee against loss in respect of these bills, which the Bank offered to discount without recourse to the holder, such facilities being granted in respect of good trade bills and the acceptances of foreign and

colonial banks having branches in England.

The rush to take advantage of this offer was much greater than expected, but it is quite evident that the loss to be made up by the Government will be only a very small percentage of the total mentioned above.

This is only one of the arrangements made by the Government to assist trade and finance, but it is one of the most important.



ENGLAND'S EMERGENCY CURRENCY

AGAINST the emergency currency issued at the beginning of August the Bank of England has been gradually accumulating and setting aside a gold reserve. The ratio of gold to notes outstanding has risen steadily from eleven per cent. on September 9 to thirty-seven per cent. on November 18.



IMPROVEMENT AT LONDON

AN encouraging sign in the London money market is the revival of new capital issues on a small scale despite the immense amount required for the war loan. Since the moratorium expired there have been placed short bills for £10,000,000 for Indian and Colonial Governments, while railroads and industrial companies have placed over £1,000,000 in more permanent forms. A £500,000 Southeastern Railway issue of five per cent. preference stock at par was largely oversubscribed, as was the same amount of a good industrial company's six per cent. bonds. A new issue of £1,750,000 Canadian Government one-year bills changed hands at three and one-half per cent. discount.

Official confirmation is given the statement that Russia has placed with the Bank of England under British Government guarantee £12,000,000 Treasury bills, the proceeds of which

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

will be used in part to purchase supplies in London and in the United States.

Unemployment is now less than at this time last year. The good demand for currency, moreover, indicates that home trade is improving. A powerful party among members of the Stock Exchange agrees that fundamentally the position is improving daily.



ROYAL BANK OF SCOTLAND

AT the annual general meeting of shareholders on November 25, the net profit for the year was reported at £266,308, which added to the balance at rest October 11, 1913, made £1,226,937.

Banco de Guatemala

Established
July 15, 1895

Guatemala
C. A.

Directors

ADOLFO STAHL, D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSER, Manager

Authorized Capital	\$10,000,000.00
Capital subscribed and paid up	2,500,000.00
Reserve Fund	6,735,129.62
Contingency Fund	2,500,000.00

Foreign Correspondents

New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Sellman & Co.; The National City Bank of New York. San Francisco, Cal.: The Anglo & London Paris National Bank of San Francisco. New Orleans: The Whitney Central National Bank. Mexico: Banco Nacional de Mexico. Paris: Messrs. de Neufville & Cie. London: Deutsche Bank (Berlin), London Agency; Messrs. A. Rufer & Sons. Hamburg: Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne; Messrs. Schroder, Gebruder & Co.; Mr. Carlo Z. Thomsen. Madrid: Messrs. Garcia-Calamarte & Cia. Barcelona: Messrs. Garcia-Calamarte & Cia.; Banco Hispano Americano. Milano: Credito Italiano.

Agencies in Guatemala

Antigua	Livingston	Salama
Jutiapa	Puerto Barrios	Escuintla
Pochuta	Zacapa	Mazatenango
Coatepeque	Coban	Ocos
	Retalhuleu	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

Banco Agricola Comercial

Established 1895

SAN SALVADOR, REPUBLIC OF SALVADOR, C. A.

Authorized Capital,	\$5,000,000.00	Paid-up Capital,	\$1,000,000.00
Reserve Fund,	100,000.00	Special Reserve Fund,	322,201.67

DIRECTORS

J. MAURICIO DUKE	MIGUEL YUDICE	FRANCISCO DUEÑAS
J. MAURICIO DUKE h.	RAFAEL GUIROLA D.	Manager, F. DREWS

CORRESPONDENTS

London: The Anglo-South American Bank Ltd., with which is incorporated The London Bank of Mexico & South America, Limited. Paris: Comptoir National d'Escompte de Paris; Perier & Cie. Hamburg: Deutsche Bank Filiale Hamburg; Conrad Hinrich Donner; Carlo Z. Thomsen; The Anglo-South American Bank, Ltd. Barcelona: Banco Espanol del Rio de la Plata; Garcia-Calamarte & Cia. New York: G. Amsinck & Co.; Bloom Bros. San Francisco: The Anglo & London Paris National Bank. Mexico: Banco de Londres & Mexico. Guatemala: Banco Internacional.

death of the Duke of Buccleuch, who had been Governor of the Bank for thirty years. The present Duke has been chosen as his successor.

The Royal Bank of Scotland, whose head office is at Edinburgh, was incorporated by royal charter in 1727. Its total assets on October 10 last were £21,976,695.



BRITISH REVENUES AND EXPENDITURES

FIGURES for the British War Budget up to March 31 next, on the assumption that the war continues till then, are as shown herewith.

Total estimated expenditure.. £535,367,000

Estimated revenue (allowing for a drop of £11,350,000 on the estimate of the last Budget)† 195,796,000

Deficit 339,571,000

Towards this there is to be raised this year—

By additional taxation..... 15,500,000

By suspension of Sink. Fund 2,750,000

18,250,000

Net deficit 321,321,000

*The estimated expenditure for the year before the outbreak of war was £206,924,000, so that the abnormal war expenditure is estimated at £328,443,000.

†The Budget estimate of revenue was £207,146,000.

The net deficit is to be filled partly by taxes, partly by loans. The income-tax and the super-tax are to be doubled, but for the present financial year ending March 31st the new rate is only to be charged as from December 1st, i. e., for four months, December, January, February and March, which means that only one-third of this year's income is to pay the new rate.

	This Year	This Year
Income-tax increase.	£11,000,000	£38,750,000
Super-tax increase..	1,500,000	6,000,000
	12,500,000	44,750,000

NOYES & COMPANY

Established 1879

Foreign Bills

Government and Municipal Bonds

8, Place Edouard VII.

PARIS - FRANCE

Latin-America

NEW BANK ESTABLISHED

THE Bank of Atlantida, with home office at La Ceiba, Honduras, has opened a branch office at San Pedro Sula. It is prepared to do a general banking business, make loans, and buy and sell exchange. It has correspondent banks in New Orleans (Canal Bank and Trust Company), New York and London (Guaranty Trust Company), Paris and Hamburg.



Australasian

NATIONAL BANK OF AUSTRAL-ASIA

THE balance-sheet of this bank, on September 30 last, showed: Capital, £1,498,220; deposits, £11,809,101. Net profits for the last half-year were £91,072, which added to the amount brought forward from previous half-year left available £107,545, which was applied to dividends at the rate of seven per cent. on the preference and ordinary shares, reduction of bank premises, grant to officers' provident fund, and £25,000 was added to the reserve account,

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier

A General Banking Business Transacted

Foreign Exchange Bought and Sold

Telegraphic Transfers

Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

making it £525,000, and £23,107 carried forward.

During the past half-year several new branches and agencies of the bank were opened.

The National Bank of Australasia was established in 1858 and has its head office at Melbourne. Directors are: John Grice, chairman; Hugh M.

Strachan, vice-chairman; Edward Trencher and J. Newman Barker. E. H. Wreford is chief manager.



ROYAL BANK OF QUEENSLAND

AT the fifty-eighth ordinary general meeting of shareholders of this bank, held in the banking-house at Brisbane. October 27, the aggregate balance-sheet was presented, showing profit and loss to September 30, 1914. The profit for the half year was £58,637, which added to the balance brought forward gives £60,089. The net balance was £18,600. Mr. Theodor Unmack, chairman of the board of directors, who presented the report, gave a favorable account of general business conditions.



Asiatic

BANKING SITUATION IN NETHERLANDS INDIA

FROM Consul B. S. Rairden, Batavia, Java, comes the information that at the beginning of the present crisis it could be seen that, in order to prevent a general collapse, commerce, agriculture and industry would require large financial assistance from the local banks, as the supply from

FOUNDED 1844

G. LAWTON CHILDS & CO., Ltd.

AMERICAN BANKERS

HAVANA

CUBA

Transact a general domestic and foreign banking business. All banking matters entrusted to us handled promptly and with care.

Special attention paid to collections in Havana and all parts of Cuba.

Principal Correspondents

NEW YORK CITY:

National Bank of Commerce
in New York

LONDON:

Baring Bros. & Co., Limited

PARIS:

Morgan, Hryes & Co.

BERLIN:

L. Behrens & Soehne

MADRID:

Garcia, Calamarie y C.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$919,682.79

Deposits, \$3,308,318.68

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handelsgesellschaft; PARIS, Credit Lyonnais; Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

home and abroad was suddenly stopped. The managers of the various banking institutions established or represented, headed by the Java Bank, came to an agreement by which it was arranged that everyone should continue to finance his own clientele and that existing credits should not be called up. In order to prevent the private banks curtailing the credits given by them to their clients the Java Bank promised to give every assistance possible.

The Netherlands India Government enabled the Java Bank to extend the sphere of its operations by issuing several decrees, of which the following were the most important: (1) Java Bank notes were declared legal tender; (2) the minimum reserve in gold and (or) silver to cover the liabilities of the Java Bank hitherto fixed at forty per cent. was reduced to twenty per

cent. This last measure especially was of great importance and enabled the bank to satisfy the greatly increased demand for credit. The following figures will illustrate this: On August 1 the Java Bank had a metallic surplus reserve of 8,660,103 florins (\$1,471,362). In accordance with the regulations then in force, the bank was authorized to issue further notes to the extent of 9,150,259 florins (\$8,678,404). The first balance-sheet drawn up under the new regulations was on August 8 and it showed a metallic surplus reserve of 26,380,453 florins (\$10,604,912). On this new basis the bank was authorized to issue notes to the extent of 131,902,266 florins (\$53,024,711). Thus, as a result of the new regulations, the elasticity of the Java Bank notes was increased.

As already stated, the banks agreed not to call up or curtail existing

Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,000.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months 6 per cent. per annum
On deposit for 12 months 7 per cent. per annum

DEPOSITS

31st of March, 1910	\$1,270,087.74	31st of March, 1912	\$3,397,658.26
31st of March, 1911	1,690,705.28	31st of December, 1912	4,414,218.57



CHESAPEAKE & OHIO GENERAL OFFICE BUILDING, RICHMOND, VA.

credits, and, if required, to open new credits for important requirements, with the assistance of the central bank, in order to prevent a breakdown. The following figures will give an idea of the extent to which this assistance was given: On August 1 the Java Bank had advanced against various securities (bills, produce, stocks, etc.) 79,914,419 florins (\$32,125,597), and on September 12, when the last balance-sheet was published, these figures had risen to 108,844,849 florins (\$43,755,629).

Owing to the efficient help of the banks, with the assistance of the central bank, the economic situation was not seriously affected by the crisis in Europe. Owing to the advances made

on a liberal scale against securities of harvested produce, there was no necessity for the various coffee, rubber, tea, and tobacco estates closing down, and in consequence no native employees had to be discharged.

It was deemed unnecessary to proclaim a moratorium, as with the assistance of the banks all money transactions could be carried on without a hitch.

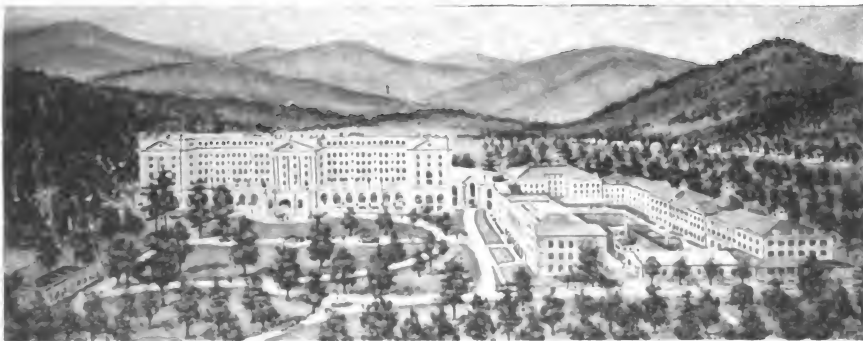
Following the example of the Amsterdam Stock Exchange, it was deemed advisable to close the Stock Exchange in Java, in order to prevent an unreasonable fall in prices that might have occurred when frightened holders had thrown their stocks on the market to be sold at any price.

The Chesapeake and Ohio Railway

Attractive Scenery and Rich Lands Along the Route

THIS year will be one in which the tourist accustomed to visit foreign shores will be given a splendid opportunity of seeing his own country, and through this opportunity—brought to him by Europe's mis-

fortunes—many benefits will accrue, not the least of which will be the stimulating effect which a first-hand knowledge of the resources and attractions of the United States will have upon the average American heretofore deprived:



"THE GREENBRIER," WHITE SULPHUR SPRINGS, ON THE C. & O. RAILWAY, IN THE MOUNTAINS OF WEST VIRGINIA

One of the most famous resorts in the United States. "The Greenbrier" has just been erected at a cost of \$1,000,000. It is probably one of the finest hotels in the world. It is open winter and summer. Located immediately on the C. & O. Ry. and owned by that company. There are 7000 acres of ground with the hotel on which are spacious and handsome golf grounds.



GEO. W. STEVENS
PRESIDENT C. & O. LINES



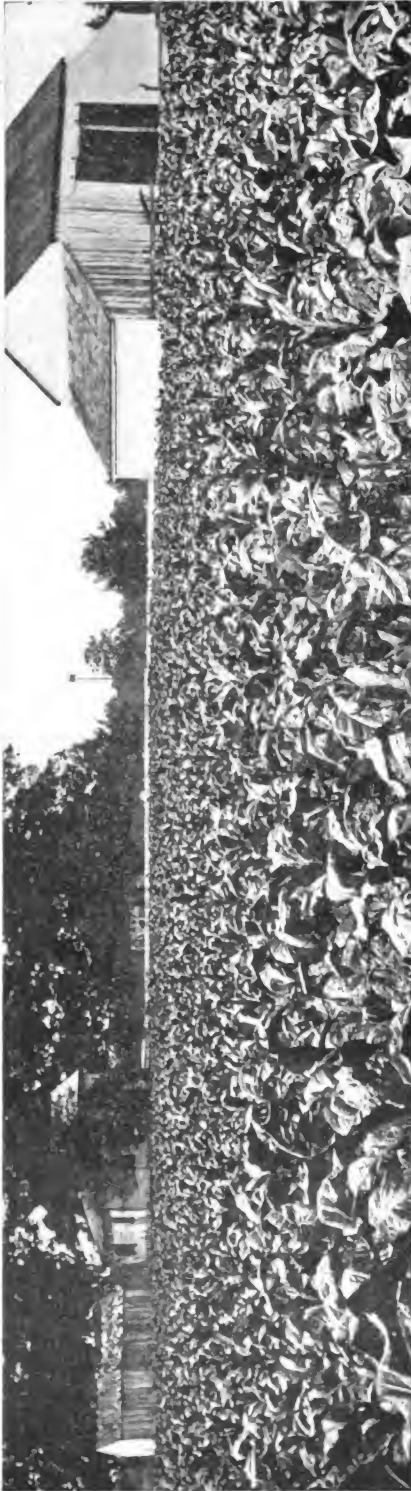
HOT SPRINGS, VA., ON LINE OF C. & O. RAILWAY.—ONE OF AMERICA'S MOST FAMOUS
ALL-YEAR-ROUND RESORTS



VIRGINIA MANOR, COUNTRY HOME OF MR. GEO. W. STEVENS, PRESIDENT C. & O. RAILWAY
LINES. ONE OF THE MOST ATTRACTIVE FARM HOMES IN VIRGINIA.
LOCATED NEAR NATURAL BRIDGE. AT GREENLEE, VA.



C. & O. RAILWAY DOUBLE TRACK ON NEW RIVER, WEST VIRGINIA



TOBACCO FIELD AND CURING BARN



MOVING TOBACCO FROM PLANTATION TO COUNTY WAREHOUSE



C. & O. WHARF, NORFOLK, VA.

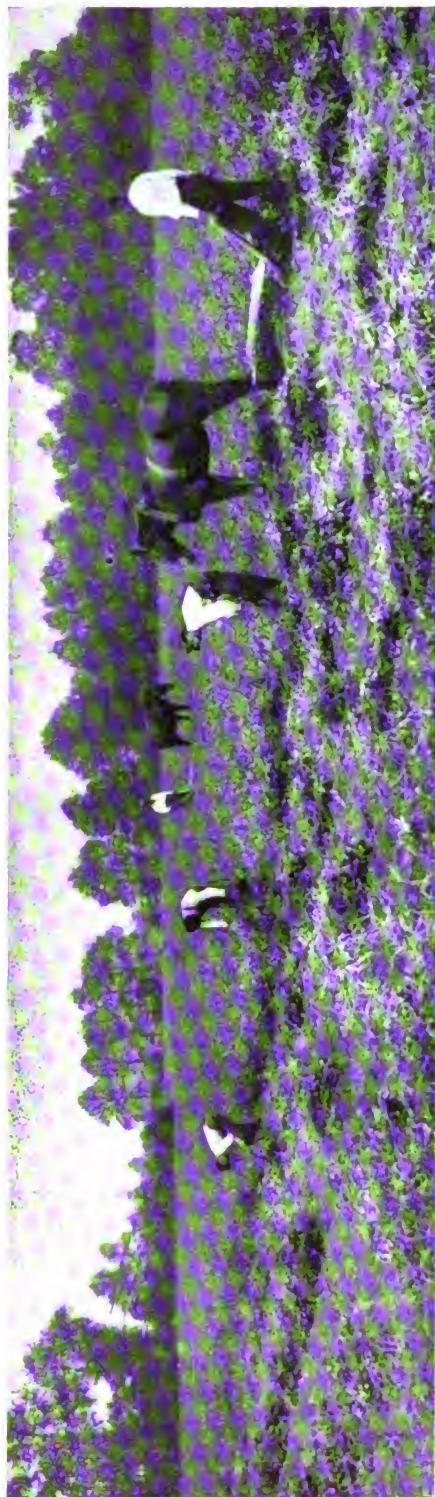
of the chance of seeing his own land or indifferent to its lure.

And without depreciating in the least the magnificent domain lying beyond the Mississippi, and with full recognition of the potent spell of California, the Western Italy, and of other alluring sections, it may be said with truth that the Southeastern portion of the United States, in scenery, in fertile lands, in delightful resorts, rivals any part of this country or any other. The mountains may not be so high; but above a certain altitude mountain

ranges in their cold sublimity and desolation lose the quiet charm of less lofty chains; tropical fruits may be lacking; but where these abound the vegetation often lacks the familiar quality of beauty found in the foliage and plant life of the Atlantic Seaboard north of Florida, or in the great Middle West. Dropped from the clouds into certain parts of California one might fancy himself in Spain or Italy—possibly in heaven, if at Pasadena or amid the orange groves around Riverside and Redlands—a strange environ-



LEAF TOBACCO SALE—A SCENE TO BE WITNESSED AT 10 O'CLOCK EVERY MORNING IN THE BUSY SEASON



... HARVESTING PEANUTS, ONE OF THE MANY PROFITABLE CROPS GROWN IN VIRGINIA



PEANUT VINES STACKED



NEW STEEL PIER OF C. & O. RAILWAY AT NEWPORT NEWS, VA.

Operated by electricity and equipped with every modern appliance for the expeditious loading of cargo. Height, low water, 95 feet; width, 67 feet; length, 1200 feet; capacity (24 hours), 72,000 tons; cost \$1,500,000. The road cars are dumped into service cars, which are lifted to top of pier by electric elevators, one on each side of pier. The pier is also equipped with two dumping machines.

ment for most of us; but if one should descend on the soil of Tennessee, or the Old Dominion, or West Virginia, he would feel pretty sure that he was in his own land. Yet amid the region of the South to which attention is here called, there is much that has the charm of novelty, especially to the dwellers in cities and to those who have lived on the level Western plains; for here are long ranges of towering mountains; streams rushing through rocky gorges and plunging over precipices, to find their way peacefully at last, through broad fertile valleys, to the sea.

To one who has travelled much and far, in many lands, a trip along the

scenic Chesapeake and Ohio, taken long ago, recurs to memory as one of the most interesting and delightful railway journeys to be found anywhere. There is great variety in the scenery, ranging from the merely picturesque to the sublime, but pervaded in the main by a quiet natural beauty that in some ways recalls the "Switzerland of America"—the White Mountain region in New Hampshire—only with deeper luxuriance in the forests and the vegetation of the far-spread-ing valleys.

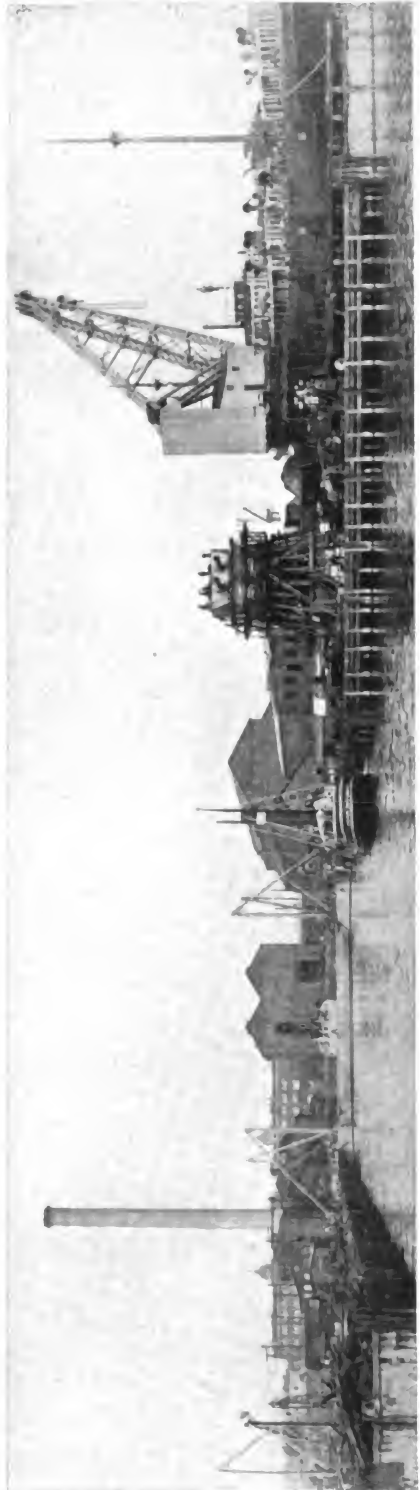
The scenery consisting of barren crags and peaks—such as one may see where mountains rise to enormous heights—chills by its want of the hu-



C. & O. FREIGHT YARDS, NEWPORT NEWS, VA. PART OF THE SEVENTY MILES OF YARD TRACKAGE AT THIS BUSY TERMINUS



C. & O. GRAIN ELEVATORS AT NEWPORT NEWS, VA., CAPACITY 2,500,000 BUSHELS



VIEW OF NEWPORT NEWS SHIP BUILDING AND DRY DOCK COMPANY'S PLANT FROM THE WATERFRONT



AMERICAN LOCOMOTIVE WORKS, RICHMOND, VA.

man element,—the fertile fields, the quietly grazing herds, the peaceful homesteads—all these mute witnesses or living things that speak of happy human life as a part of the passing spectacle.

Through the rich, warm, productive valleys of Virginia, of West Virginia, Ohio and Kentucky there are abundant signs of prosperity everywhere—farms well-stocked and well-kept; fine orchards with many kinds of fruits in profusion; coal, iron and ores that are veritable mountains of wealth; busy cities with flaming factories—all in a delightful region, midway between Northern and Southern extremes of climatic variations.

In this favored section, traversed by the main line of the Chesapeake and Ohio Railway, there are not alone these delightful scenic attractions, but the solid natural resources upon which wealth is created. Farm lands, absolutely unsurpassed in productiveness, are yet to be had at prices far below those ruling in other parts of the country which are less desirable, offering to the industrious and skillful farmer

an opportunity not to be found elsewhere; an almost unlimited supply of coal and iron—the great stable bases of industry—and so many kinds of natural resources, and in such abundance, that a mere enumeration of them and of their richness would seem like exaggeration.

The wonderful growth in farming, stock-raising, horticulture, the tremendous strides in manufacturing and the steady and rapid development of cities and towns along the line—all these things go to show that this part of the United States is progressing at a rate which must soon greatly add to the population and enhance the value of lands.

But the attractions of this route are not confined to the striking scenery, nor yet to the vast material resources; but rest and recreation may be found in various ways. Here are resorts, either at the seashore or in the higher altitudes, where neither summer's heat nor winter's cold mars the pleasure of outdoor life. Virginia, for example, offers the variety of climate which comes from a gradual rise from sea



RICHMOND (VA.) CEDAR WORKS, LARGEST WOODENWARE FACTORY IN THE WORLD.



VIEW OF THE HARBOR AT NEWPORT NEWS, VA., SHOWING DEEPWATER TERMINAL OF THE C. & O.

Here are dumped monthly over 400,000 tons of coal. The steel pier recently constructed on this point is one of the largest in the world. Newport News, Va., population about 30,000, has the finest natural harbor on the Atlantic, accommodating vessels of largest draft. Five coal piers, capacity 140,000 tons every twenty-four hours. Four large covered merchandise piers. Two grain elevators thoroughly equipped with modern machinery; capacity 2,250,000 bushels. Nearer Colon, Panama, than Boston by 300 miles; nearer Colon, Panama, than New York by 202 miles; nearer Colon, Panama, than Philadelphia by 172 miles; nearer Colon, Panama, than Baltimore by 147 miles. C. & O. has double track from the coal fields to Newport News and seventy miles yard track at Newport News.



THE FAMOUS UNIVERSITY OF VIRGINIA AT CHARLOTTESVILLE, ON C. & O. RAILWAY. FOUNDED BY THOS. JEFFERSON IN 1819.



MAIN STREET STATION. PASSENGER DEPOT OF THE C. & O. RAILWAY, RICHMOND, VA.

level to considerably over 5,000 feet. And both at the sea and amid the mountains are summer and winter hotels ranking among the famous resorts of the world, equipped with every comfort and luxury.

Hunting, fishing, automobiling, golf and sports of every kind find an inviting environment. Amid these delightful surroundings there are many places of the greatest historic interest to everyone who takes pride in the record of his country's achievements.

The Chesapeake and Ohio has grown to be one of the great transportation systems of the country. It directly reaches such important cities as Chicago, Louisville, Toledo, Cincinnati, Washington, Richmond and Norfolk, giving it straight access from the Great Lakes to the sea. As a carrier of coal, grain, ore, lumber and farm products it handles a vast tonnage, while the character of the service and the rare beauty of the scenery, the historic region traversed and the many delightful resorts attract a heavy passenger traffic.

Perhaps one of the greatest services which the road has rendered to the territory tributary to its lines has been



RICHMOND, VIRGINIA—SKY-LINE FROM THE JAMES RIVER



NORFOLK, VIRGINIA—SKY-LINE FROM THE INNER HARBOR



WHOLESALE DISTRICT, SHOWING PORTION OF C. & O. FREIGHT YARDS, RICHMOND, VA.

in attracting settlers and manufacturing establishments. The management clearly recognize the mutuality of interest between the road and its patrons, and it has been the steadfast aim to do everything possible toward bringing

in farmers, manufacturers and investors who would contribute to the solid development of the country. No small part of the prosperity of this region has been due to a steady adherence to this policy.



STREET SCENE IN BUSY CHICAGO, THE WESTERN TERMINUS OF THE C. & O. RAILWAY.
TRAINS ARRIVE AND DEPART FROM DEARBORN STREET STATION



HOTEL JEFFERSON, RICHMOND, VA., FRANKLIN STREET, LOOKING WEST FROM ADAMS STREET



LYNCHBURG—ONE OF VIRGINIA'S PROSPEROUS AND BUSY CITIES

From 1904 to 1909 Lynchburg shows an increase of 105.2 per cent. in value of manufactured products, and 58.9 per cent. in the number of wage earners. Principal industries of the city are the manufacture of boots and shoes, cotton goods, flour mill, grist mill and foundry and machine-shop industries. A record of twenty years shows 1000 per cent. increase in manufacture of cast-iron pipe and plows, 1100 per cent. in textiles, and 1700 per cent. in the manufacture and distribution of shoes.

The American who resolves this year—somewhat under the pressure of necessity—to “see America first” will find along the line of the Chesapeake and Ohio what he is looking for, whether it be impressive scenery, luxuriously inviting resorts—delightful

at all seasons—opportunities for profitable farming, for engaging in manufacturing, merchandising, banking, or investing; and will be welcomed to all these or other legitimate undertakings by an alert, warm-hearted and intelligent people.



“I see before me the statue of a celebrated minister, who said that confidence was a plant of slow growth. But I believe, however gradual may be the growth of confidence, that of credit requires still more time to arrive at maturity.”

— DISRAELI.

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

New York City

—Kuhn, Loeb & Company and the National City Bank recently announced an offer of \$5,000,000 two-year six per cent. Swedish Government Treasury notes.

—Extracts from the War Tax Law and from Treasury Decision 2035 have been compiled in convenient form and published by the Bankers Trust Company of New York. The publication, which is distributed gratuitously, contains much useful information for

bankers and others to whom the special tax is applicable.

—Temple Bowdoin, a partner in the banking-house of J. P. Morgan & Company, died December 2. Mr. Bowdoin succeeded his father, Geo. S. Bowdoin, as a member of the firm in 1901.

Mr. Bowdoin, who was fifty-one years old, was concerned especially with the interests of the foreign stockholders in the various corporations which were under Morgan control and voted their proxies at annual meetings. He was also the accounting expert of the firm. Mr. Bowdoin was a graduate of Columbia College in the class of 1885 and was a member of the Union, University, Metropolitan, New York Yacht and other clubs.

—Franklin Escher, former editor of "Investment," author of "Elements of Foreign Exchange," and a well-known writer and lecturer on financial and economic topics, has taken charge of the New York branch (437 Fifth avenue) of the Commercial Security Company of Chicago.

—It is not often that a bank officer so endears himself to the board of managers that as a token of esteem and in recognition of his work a special office is created to do him honor. Such has been the unusual experience of Victor A. Lersner, for a number of years assistant cashier of the Williamsburgh Savings Bank, Brooklyn, for whom on December 7 the bank created the office of comptroller and elevated him to that position.

Mr. Lersner has been connected with the bank for the past twenty-six years, rising from the ranks to the office of first assistant cashier, which position he



Vault Filing Equipment on the UNIT Plan

Our facilities and experience enable us to properly equip a vault complete for a bank of any size. The Baker-Vawter Unit plan enables the small bank to install one section at a time and add to it as its growth demands.

If you are interested in the best method of filing Checks, Deposit Tickets, Pass Books, Documents, Correspondence, Reports, or any of the records the average bank has to file, you will find it to your interest to write us for particulars.

We carry in stock for immediate shipment a large variety of High Grade Steel Filing Sections for High Grade Banks.

Baker-Vawter Sections are built for service—not to fit a price. Ask for catalogue.

BAKER-VAWTER COMPANY

Bank Accounting Systems Steel Filing Equipment

BENTON HARBOR, MICH. HOLYOKE, MASS.

OFFICES—In all principal cities SALESMEN—Everywhere

has so efficiently administered that the more distinctive office of comptroller has been created for him.

The atmosphere which permeates the Williamsburgh Savings Bank (and none could be more delightful) is simply the atmosphere that surrounds his desk. Here courtesy, grace and helpfulness are to be found in full measure. Through his studies in the New York University School of Commerce



VICTOR A. LERSNER

NEWLY-ELECTED COMPTROLLER WILLIAMSBURGH SAVINGS BANK, BROOKLYN, N. Y.

and Accounts, and by his many friendships with bond men, he has acquired a large and practical fund of investment knowledge which gives him rank as an expert along investment lines, the selection and control of the securities of the bank amounting to thirty-five millions being his special function.

Mr. Lersner is a director in the Manufacturers-Citizens Trust Company of Brooklyn, a past president of New York Chapter, American Institute of Banking, a member of its board of governors, as well as a member of many civic clubs in Brooklyn.

Mr. Harry R. Kinsey succeeds Mr. Lersner as first assistant cashier.

--About May 1 the Mechanics and Metals National Bank will move into the remodeled building of the Fourth National Bank on Nassau street, between Pine and Cedar. It will be recalled that the Mechanics and Metals National absorbed the business of the Fourth National Bank a short time since.

—The New York Stock Exchange, which had been closed since the end of July, resumed trading in stocks, under certain restrictions, on December 12. Some stocks which it was feared might be heavily sold for foreign account were not included in those which might be dealt in.

—In the opinion of A. B. Leach, president of the Investment Bankers Association of America, this country



is tending toward too much government.

"We are creating bureaus and commissions," he said, "and filling them with \$5,000 a year men to tell the \$50,000 a year heads of our corporations what to do and what not to do. The best government in the world never had a monopoly on honesty, integrity and efficiency, and this country would prosper more if it hampered business less.

"As to general business conditions, there is every promise of a decided improvement. There is no doubt that the money market is decidedly more favorable. With the stimulus of lower interest rates and large orders for our products from foreign countries the outlook is encouraging. Money is relatively cheap, but I do not feel that present rates reflect the real situation. When millions on millions of property is being destroyed and whole countries put to waste there is sure to come a time when the demand for funds for reconstruction will be very heavy. The war will cause such a situation eventually and higher rates will likely prevail."



Philadelphia

—Levi L. Rue, president of the Philadelphia National Bank, and chairman of the clearing-house com-

mittee, has been elected to represent District No. 3 in the Federal Advisory Council. This election was made by the directors of the Philadelphia Federal Reserve Bank, and was a recognition of Mr. Rue's position in the banking world and of his effective work in aiding to secure the designation of Philadelphia as a Federal Reserve City.

Mr. Rue was chosen vice-president of the Federal Reserve Council at a meeting held in Washington, December 15.

—At a recent meeting of Philadelphia bankers, Joseph Wayne, Jr., president of the Girard National Bank, was elected chairman of Group One, Pennsylvania Bankers' Association, representing the Philadelphia district. Mr. Wayne succeeded Thomas S. Gates, president of the Philadelphia Trust Company, whose term expired. E. P. Passmore, vice-president and cashier of the Franklin National Bank, was reelected secretary.

An executive committee was elected as follows: Thomas S. Gates, Philadelphia Trust Company; J. R. McAllister, Franklin National; Levi L. Rue, Philadelphia National; William T. Elliott, Central National, and John H. Mason, Commercial Trust. This committee will subsequently be enlarged.



—The People's National Bank of Pittsburgh, whose president, Mr. Robert Wardrop, is one of the most successful bankers of the country, has just celebrated its fiftieth anniversary.



Washington, D. C.

—Ashton G. Clapham, president of the Commercial National Bank of this city, sailed for Panama on December 5 for the purpose of opening branches of the bank in that country, one at Balboa and the other at Cristobal.

The progressive character of this

1865



1915



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Designs
at
Consistent
Prices



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NATIONAL BANK**

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NEW YORK

CAPITAL
\$1,000,000

SURPLUS
\$1,000,000

OFFICERS

RUEL W. POOR, President
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLAS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cash.

DIRECTORS

James McCutcheon **William H. Gelsheenen**
Charles T. Wills **Morgan J. O'Brien**
Ruel W. Poor **Thomas D. Adams**
Samuel Adams **Daniel S. McElroy**
Robert J. Horner

bank is indicated by the fact that it is the second national bank in the United States to take advantage of the provision in the Federal Reserve Act authorizing national banks of \$1,000,000 capital and over to establish branches in foreign countries.



---They had for their principal speaker at the recent banquet of the Rochester (N. Y.) Chamber of Com-

merce, James J. Hill of St. Paul, and here are some things he said:

"Coming down to the radical and permanent, as distinguished from the partial and temporary causes of the bad times that everybody deploras, one stands out preëminent by the volume of its effects and the persistence with which it has raged all over the country, though with special intensity at Washington, for some years past. This is the legislative crusade against business.

"I speak here of no particular act, for the business interests of the country as a whole have been under fire for more than ten years. That attack has steadily increased in violence and decreased in discrimination. And it is that last condition which makes the the new régime so unjust and so intolerable.

"When hostile regulation goes to this extent, without promise of a limit to either its objects or its orders, business would come to a halt, though tariff rates were raised to the skies and peace prevailed all over the earth.

"All kinds of business, all industry of the country, now begin to feel the heavy hand of interference that has rested on the railroads for many years. They have been made unable to obtain the capital required to keep them abreast of the work they have to do.

"All other enterprises suffer from the same famine. Capital, repulsed

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City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,925,000

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JULIAN P. FAIRCHILD
JOSEPH P. GRACE

WILLIAM HARKNESS
JOSEPH HUBER
WHITMAN W. KENYON
JOHN McNAMEE
D. W. McWILLIAMS
HENRY A. MEYER
CHARLES A. O'DONOHUE
CHARLES E. PERKINS

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from one employment, is finding other doors shut in its face by unfriendly legislation. So it decides to stay comfortably at home until there is some promise of better conditions.

"There is abundance of money and credit. Never before was there so much of either in the United States. There is plenty of commercial money, but little investment money."

Mr. Hill said that he could see prosperity, which must come to America especially through the European war, but in order that the country may take advantage of it, he said, capital and business initiative must have reasonable freedom. If the next five years are to repeat the history of the last ten years, he said, there can be no general prosperity in the United States.

A song dedicated to Mr. Hill, sung to the tune of "Tipperary," was rendered at the dinner. The song ran:

"It's a fine thing to own a railroad,
With a nice job like Hill;
And it's pleasant to go to Brandeis
Asking help to foot the bill.

"Good-bye to Equipment,
Farewell Incomes, too;
It's a soft, soft job for Mister Brandeis,
But it's hard, Jim, on you."

The song was repeated seven times. Mr. Hill beamed his pleasure. President A. H. Smith of the New York Central, President F. D. Underwood of the Erie, and President W. T. Noonan of the Buffalo, Rochester and Pittsburgh, were other guests at the speakers' table.

— President Henry C. Winsor of the Asbury Park and Ocean Grove Bank, and President James D. Carton of the First National Bank, Bradley Beach, were the principal speakers at a luncheon and smoker in the North End Hotel, given by the Asbury Park Chapter of the American Institute of Banking on the evening of November 23. Mr. Winsor spoke on "The Advantages of Chapter Work," while Mr. Carton's topic was "The Inheritance Tax."

Laughlin R. Hetrick of the Asbury



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items and low rates
appeal to you send
us your BUFFALO
BUSINESS**

Resources, \$10,000,000.00

*A. D. BISSELL, President
C. R. HUNTLEY, Vice-President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Vice-President
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Assistant Cashier
G. H. BANGERT, Assistant Cashier*

Park, and Ocean Grove Bank, president of the local chapter, was the toastmaster. Prominent members of the banking fraternity, representing the New Jersey coast towns from Long Branch to Point Pleasant, were present.

—John M. Dennis is the new president of the Union Trust Company, Baltimore.

—The 483 banking institutions coming under supervision of the State Banking Department of Pennsylvania have aggregate assets of \$1,278,644,951, according to the twentieth annual report of State Commissioner of Banking William H. Smith. The report covers the summary of statements as of November 2. and shows the following:

Trust companies, 297; aggregate assets, \$811,700,537; accounts, 1,182,842. State banks, 179; aggregate assets, \$224,869,028; accounts, 684,102. Savings institutions, 41; aggregate assets, \$242,575,384; accounts, 498,877. Total resources increased from \$1,151,308,562 in 1913 to \$1,278,644,951.

—Bankers of Sussex county, N. J., met at Newton in that State on November 23 to form an organization to coöperate with the State bankers association. Theodore Simonson, president of the Sussex National Bank, Newton, N. J., was chosen as first president of the new organization.

—There was a meeting of the executive committee of Group V of the New York State Bankers Association at Albany recently to arrange for the annual meeting and banquet of the group, which it is expected will be held at the TenEyck, Albany, the latter part of the month.

—Officers and directors of the State National Bank of Albany were recently entertained at dinner by Ledyard Cogswell, president of the bank, and a former president of the New York State Bankers Association.

—The Montgomery Trust Company of Norristown Pa., which is the oldest trust company in the county, now occupies its new home on Main street,

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CEROTYPE ENGRAVING

the result being, your customer's check is equal to a specially engraved design. We can use your own stock checks, or we can furnish stock checks either Cerotyped or lithographed. **WRITE FOR SAMPLES.**

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The Publications are used daily in connection with the draft system of this Agency and the transaction of other valuable business.

We have for the past forty years published the name of one bank for each city listed in these Publications and, if interested for your locality, in securing exclusive representation, we will be pleased to quote rates upon receipt of your inquiry.

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Woolworth Building
NEW YORK**

adjoining the public square. The Montgomery Trust Company was organized April 24, 1884. The first president was John Slingluff, and the first vice-president, James Boyd. Subsequent presidents have been Dr. John N. Jacobs, now county controller; and Louis M. Childs. Its vice-presidents have been B. E. Chain, Charles Hunsicker, Samuel S. Kohn, John J. Corson and B. Percy Chain.



NEW ENGLAND

—Boston's Stock Exchange reopened on December 10 for restricted trading. Charles Hayden was elected vice-president of the Exchange to fill the vacancy caused by the death of A. L. Devens.

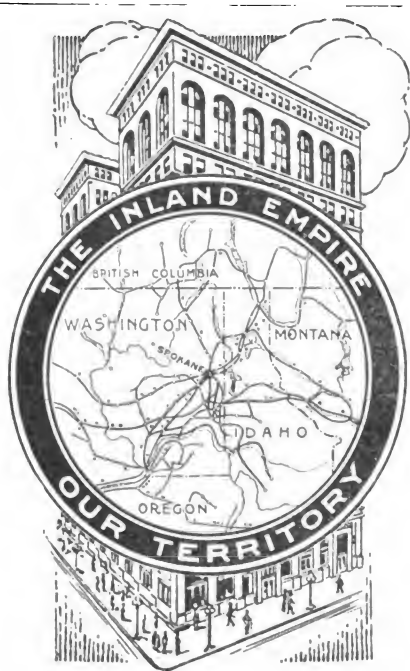
—The trustees of the Middlesex Banking Company originally chartered in 1872 as the Middlesex Trust Com-

pany, dealers in Western farm mortgages, have voted to go out of business, but according to the announcement of the officers, all debts of the company will be paid. The capital of the company is \$388,400, with resources of over \$8,000,000 and liabilities include about \$3,000,000 of debentures, and \$3,500,000 of guaranteed mortgage notes.

The company's place of business is Middletown, Ct.

—The National Bank of Commerce, Providence, reported total assets Oct. 31, 1914, of \$4,168,928.69. Since this bank moved into its handsome new quarters in the heart of the city, its business has grown steadily and many new accounts have been opened.

—Beginning business in a room under a hotel, in 1895, the Rumford Falls (Me.) Trust Company, the management of that institution soon realized that more and better rooms must



The Old National Bank of Spokane

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W. D. VINCENT, Vice-President
J. A. YEOMANS, Cashier
W. J. SMITHSON
G. H. GREENWOOD J. W. BRADLEY
Assistant Cashier

RESOURCES : \$13,000,000



be provided. They accordingly bought a lot on Congress street (a part of its present site), erected a one-story brick block containing a banking room, a lobby, a directors' room, a vestibule and an excellent vault which was later fitted with steel filing cases. In 1902 it was again necessary to have more room, so they extended this block both in breadth and height. At the end of the first year's business, the bank had deposits amounting to \$89,203.13. In 1904 its deposits had increased to over \$700,000.00, an average yearly gain of over \$100,000.00. To-day it has a capital stock of \$100,000.00, a surplus of \$175,000.00 and undivided profits of \$50,000.00, while its deposits amount to nearly \$2,000,000.00—a truly wonderful growth.

February 1st, 1911—its sixteenth anniversary—it opened a branch bank in Dixfield. This branch now has deposits of over \$270,000.00, and is still increasing. The trust company has been growing from year to year, and this year the management decided that it was necessary to make very extensive improvements and enlargements of its banking rooms.

The result of this decision is a thoroughly equipped modern bank building, containing everything essential to the safety, comfort and convenience of those whom the bank serves and those who serve it.

---The new banking rooms of the Pemigewasset National and Plymouth Guaranty Savings Banks were thrown open for the inspection of the public on November 21, says a correspondent of the Manchester, N. H., "Union," and from 9 in the morning to 9 o'clock in the evening the directors of the former and the trustees of the latter greeted patrons of the institutions, and prospective patrons as well. During these hours hundreds of townspeople and scores from the neighboring towns viewed for the first time the equipment of thoroughly up-to-date and modernized banking facilities as extended to Plymouth and vicinity through the zeal and enterprise of Plymouth bankers.

The new banking rooms are in the remodelled and enlarged bank block upon Main street, and within the new quarters has been installed fixtures and appliances that would do credit to a city banking establishment. All the more modern arrangements for large banking houses have been employed in constructing and equipping the new quarters, and Cashier Smythe and Treasurer Smith and their efficient corps of co-workers will find their work much more congenial.

The main banking room is a model of luxury, convenience and elegance. Its fittings are entirely of rich old mahogany throughout. The woodwork, counters, desks, cabinets and chairs are all of the same richly finished wood. The wainscoting and baseboards are of marble from ex-Senator Proctor's Rutland quarries. The grill work is of gun metal, and rising just above the counter is a border of double faced heavy chipped glass. A window of the same material screens the private apartments of the cashier.

The counter of rich fittings is provided with three wickets or windows, one for the receiving teller, one for the paying teller and the other for the use of the depositors of the Plymouth Guaranty Savings Bank. The light of the banking room is conveyed through six immense plate glass windows, four upon the south and two upon the east front. Artificial light is provided by a dozen or more inverted domes rendering semi-direct electric rays.

These two progressive institutions are located at Plymouth, Grafton county, N. H.

—H. P. Gifford is the new treasurer of the Salem (Mass.) Five Cents Savings Bank, succeeding John S. Williams, deceased.

Orlando S. Leighton has been elected assistant treasurer.

—A suggestion that savings banks and trust companies when making mortgage loans in the future should insist that a small amount of the principal of the loan be repaid at each in-

Planters National an

RICHMOND, VIRGINIA



Capital
\$300,000

Surplus and Profits
\$1,500,000

Total Resources
\$9,900,000

OFFICERS

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier

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An indispensable volume for all bankers and business men. It contains the first clear and complete explanation of the new Federal Reserve System that has been published. The text of the Federal Reserve Act is also given in full. The work covers the entire field of Money and Banking and contains much additional information of importance to all bankers and business men. The sections devoted to Credit, Domestic and Foreign Exchange, and Foreign Banking Systems are especially up-to-date and valuable.

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RURAL CREDITS

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Retiring American Ambassador to France.

The first authoritative work on this important subject to appear in this country. An exhaustive study of land and co-operative credit, giving all the important facts and the latest figures available on all systems for according credit to land-owners and farmers. It is world-wide in scope, embracing every country where such systems or institutions exist, and concludes with a detailed plan for improving rural credit conditions in the United States.

\$2.00 net

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DESCRIPTIVE CIRCULAR ON REQUEST

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terest period, was the significant feature of the address of William E. Knox, Comptroller of the Bowery Savings Bank of New York, and president of the Savings Bank Section of the American Bankers Association, at the twelfth annual meeting and luncheon of the Savings Bank Association of Connecticut, at the Hartford Club, on December 3. About eighty members, representing some fifty-five banks, attended.

"Even so small an amount as one per cent. each six months, repaid on account of the principal," said Mr. Knox, "would have placed not only banks but borrowers in a much better position to-day." He discussed the present financial situation, particularly as it affected New York, where he said bond values were considerably upset, as they were in most of the large cities of the country. The great fluctuations in the value of real estate, moreover, required constant watchfulness on the part of the banks.

Charles S. Norris, treasurer of the Home Savings Bank of Boston, also spoke after lunch, taking as his subject, "Publicity for Savings Banks."

After the discussion the election of the association's officers for the coming year was held, resulting as follows:

President—Robert W. Dwyer, Hartford, treasurer Dime Savings Bank.

Vice-Presidents—Frank L. Woodard, Norwich; S. Fred Strong, New Haven; Edward N. Stanley, New Britain.

Secretary—Arthur T. Nettleton, Norwich.

Treasurer—P. Le Roy Harwood, New London.

Executive Committee—J. Howard Bogardus, Stamford; George E. Judd, Waterbury; A. T. Bissell, Rockville; Charles S. Jopp, Winsted; Willis H. Lyon, Bridgeport.

—Ivor S. MacFarlane, formerly treasurer of the Marble Savings Bank, Rutland, Vt., was recently elected president of the Kansas-Nebraska Loan and Mortgage Company, Holton, Kansas.

Utah Savings & Trust Company Salt Lake City, Utah

General Banking—Trust—Bonding

Title Insurance—Safety Deposit Vaults

Capital . . . \$300,000

Surplus & Profits, 100,000

OFFICERS:

W. S. McCornick, President

O. C. Beebe, Vice-President

W. Mont Ferry, Vice-President

F. M. Michelsen, Cashier

**Facilities for thorough
Banking service.**

**Expedient and intelligent
handling of collections
throughout this inter-
mountain country.**

25 Years Old

—Soon after the first of the month it is expected that the Broadway Bank and Trust Company, New Haven, Ct., will take possession of its new home, which is now nearing completion at 69 Broadway. The new building, which is to be the future home for the Broadway Bank and Trust Company, is but a single story and is of brick, with marble trimmings. It is located in the heart of the commercial district of that part of the city above York street.

The building occupies a plot, 29x61, and will have all the facilities for doing a general banking business. The interior fixtures will be of African mahogany, and the interior of the banking house will be done in Verde and Green Mountain marble. There will be a mezzanine floor and upon this will be located the private assembly room for the meetings of the board of directors.

On the main floor there will be a

1870

1915



Capital, \$1,000,000

Surplus, \$600,000

Located at the "Gateway of the South"

Having been established as The State Bank of Virginia 45 years ago, we have served continuously financial institutions in all parts of the South. This long period of successful service has resulted in a banking equipment that is unexcelled at

Richmond, Virginia

Another result of handling the accounts of Southern Bankers for these many years is that we know accurately the needs of financial institutions located in Southern States. Your Southern business solicited. Direct routing of items our specialty. Correspondence cordially invited.

National State and City Bank

WM. H. PALMER, President

JOHN S. ELLETT, Vice-President
J. W. SINTON, Vice-PresidentWM. M. HILL, Vice-President
JULIEN H. HILL, Cashier

large vault and facilities for doing a safe deposit business. An interior telephone system will connect all departments.

The officers of the bank are: John B. Kennedy, president; Robert C. Lightbourn, vice-president; James A. Murray, vice-president; Frederick S. Ward, vice-president; Frank S. Bishop, counsel; George L. Moore, secretary and treasurer.



SOUTHERN STATES

—The December 1st statement of the Birmingham Trust and Savings Company, Birmingham, Ala., shows an advance in earned surplus from \$600,000 to \$650,000, and \$85,553.65 of undivided profits. As the company has \$500,000 capital, it will be seen that its position is exceptionally strong, the large surplus not only assuring a high degree of safety, but also affording an addition to capital equipment that

makes it possible for the company to extend adequate facilities to its patrons.

A condensation of the statement referred to is herewith reproduced.

CONDENSED STATEMENT OF THE BIRMINGHAM TRUST AND SAV- INGS CO., DECEMBER 1, 1914

ASSETS

Loans and discounts.....	\$4,535,657.21
Demand loans	331,386.65
Overdrafts	3,766.97
Real estate, furn. and fixtures	337,420.87
Stocks and bonds.....	194,648.30
Due from banks and bankers..	775,130.37
Cash in vault.....	551,465.48
	\$6,732,475.85
	\$6,732,475.85

LIABILITIES

Capital stock	\$500,000.00
Surplus (earned)	650,000.00
Undivided profits	85,553.65
Notes and bills sold.....	273,500.00
Bills payable	201,500.00
Due to banks and bankers.....	610,831.54
Individual deposits.....	4,411,090.66
	\$6,732,475.85



Agencies

Write our Trust Department whenever the service of a reliable and efficient agent can save you risk, time and money in St. Louis, the south or the west.

Mississippi Valley Trust Co.

ST LOUIS

Capital, Surplus and Profits over . . . \$8,000,000

Since its organization in 1887, the Birmingham Trust and Savings Company has grown steadily and at a gratifying rate until the present large proportions have been reached, and as the statement abundantly shows, the strength of the institution has been carefully safeguarded and maintained.

The Company's officers and directors are men of wide experience in banking and general business, and are as given below:

Officers: Arthur W. Smith, president; Tom O. Smith, vice-president; W. H. Manly, cashier; Benson Cain, assistant cashier; C. D. Cotten, assistant cashier; E. W. Finch, assistant cashier.

Directors—Arthur W. Smith, president; Tom O. Smith, vice-president; T. H. Benners, of T. H. Benners & Company, coal sales agents; Lee C. Bradley, attorney-at-law; J. M. Caldwell, of Caldwell & Ward, bankers and brokers; S. L. Earle, of Earle Bros., wholesale grocers; William I. Grubb, United States District Judge; W. E. Henley, vice-president and treasurer Little-Cahaba Coal Company; F. M. Jackson, president Perfection Mattress and Spring Company; F. H. Lathrop, president Lathrop-Hatton Lumber Company; R. S. Munger, vice-president Continental Gin Company; M. P. Northington, treasurer Doster-Northington Drug Company; H. J. Porter, president Porter Clothing Company; James Spence, Tuscaloosa, Ala.; R. A. Terrell, president Bank of Alabama, Ensley, Ala.; William Woodward, pres-

ident Hanover National Bank, New York.

—Douglas F. Conoley, a Tampa, Florida, real estate operator and banker, writes to the "Manufacturers Record," Baltimore:

"As to Florida, she has to-day the greatest opportunity in her history, because the American contingent who have been passing the winter months in Europe, spending \$200,000,000 annually in foreign countries, will want to go somewhere this winter, and the large majority will visit Florida, rather than go to California, because of the closeness of their interests and the further fact that not only is the climate better, but the accommodations here are as good as in California. To these people Florida will be new, and when they see that they have heretofore overlooked not only a better climate than they found elsewhere, but greater opportunities for profitable investments, they will, in my opinion, become investors, and they are prepared to pay cash if they are pleased with the offering; and the great opportunities of Florida, when compared with the present stock and bond market, will be so much more desirable and inviting an investment they will be freely drawing checks while here, and the most of them will return here next year instead of going to Europe, even if that country is then at peace, which is exceedingly doubtful, because none but the sordid will want to go and see the

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$33,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,945,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

ruin and desolation which has been brought about."

—The Merchants State Bank, Port Arthur, Texas, has a new two-story building, erected at a cost of about \$50,000. Besides room for adequate banking space, the building has rooms for four stores, and the second floor will be occupied by offices.

—J. L. Griffin, paying teller of the Exchange National Bank of Montgomery, was recently appointed Alabama State Bank Examiner, succeeding C. E. Boyd, resigned.

—On November 28 the American National Bank, Pensacola, Florida, resumed business.

—The Alamo National Bank of San Antonio, Texas, now has a modern eight-story building, having added three stories to the former structure which was recently moved back some seventeen feet in the course of street widening.

J. N. Brown, president of the Alamo National Bank, organized the First National Bank of Brenham, Tex., in 1878 and continued in the banking business there until he went to San Antonio in the fall of 1890. He organized the Alamo National Bank in 1891 and the bank opened for business in March of that year. The first officers were Charles Hugo, president; Sol Halff, first vice-president, and J. N. Brown, cashier.

The original capitalization of \$250,000 was increased in 1907 to \$500,000. The bank was conducted in the Kampmann building at Commerce and Navarro streets until 1903, when removal to the present quarters was accomplished.

The Alamo National Bank recently was designated as a United States depository, receiving the appointment without solicitation on its part.

The present officers of the bank are: J. N. Brown, president; Ernest Steves, vice-president; Otto Meerscheidt, cashier; Ernest L. Brown, assistant cashier.

—On December 4 the Citizens and Southern Bank of Savannah, Ga., reported: Capital, \$1,000,000; surplus and profits, \$1,178,378; deposits, \$7,185,884; total resources, \$10,164,595. All these items indicate safe progress under the management of President Mills B. Lane and his associates.

—Some of the advice given by the bankers to farmers is evidently not relished by the latter, as may be inferred from the following statement attributed to W. D. Lewis, president of the Texas Farmers Union:

"The banker in lending money is giving practical coöperation to the farmer in holding his crop after it is harvested, and I want to suggest that the banker and the credit merchant extend the same character of coöperation to the farmer in producing the crop and then the problem of diversification is solved. Let the banker and the money lender announce that they will

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\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

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W. E. WARD, Vice-President

W. C. SAUNDERS, Cashier

E. E. CRESWELL, Asst. Cashier

F. W. COOK, Asst. Cashier

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lend as much money on corn, wheat, oats and other crops as they will advance on cotton at the time of planting and we will have an era of diversification that will astonish all of us. In Texas, according to the most reliable data obtainable, at least two-thirds of the crop is mortgaged before it is planted and the farmer must take dictation from the banker and the merchant as to what he plants. There is little use to send lecturers to tell the farmer what to plant when he has no control over the crop. The banker and the merchant need lecturers sent to them as badly as the farmer and we think the lecture force should be divided equally between the city man and the farmer. We suggest it is unfair for the banker to coerce the farmer to diversify by the power of a loan. Let him agree to finance the diversified crop while in process of production. It is cooperation, not dictation, the farmer needs. Agriculture is already bedridden with free advice, and if the city man will come back to the soil and cooperate direct with the man who plows instead of basing his action upon typewritten reports of book farmers, we will understand each other better and the South will blossom like a rose."

—Surplus and profits of the Savannah Bank and Trust Company on December 4 were \$661,640, exceeding the capital, which is \$630,000. Deposits on the date named were \$2,110,694, and total resources, \$4,016,234.

—A most hopeful note is struck in the following, from a recent number of the "Manufacturers Record," Baltimore:

"Cotton is now beginning to move. Farmers are beginning to sell; foreign spinners and American spinners are beginning to buy; the financial situation throughout the South is easing up, and men are once more turning their thought away from stagnation in trade to a determination to develop trade. Pessimism has given way to optimism. The South has caught its second wind. It has been quickened by the cotton situation and the worldwide conditions brought on by war to livelier thought than for many years, and in every avenue of life, from the highest to the lowest, men are thinking more, and on broader lines, than for many years. Many of them are thinking more than they have ever thought before. The whole mental activity of the South is being quickened, and out of this will come a vast amount of good. One of the results will be the larger development of diversified agriculture in the cotton-growing States. One will be greater economy in the development of business interests. One will be the development of a general spirit of economy which will be of infinite value to every interest in the South. This spirit will not lessen energy, but it will quicken energy. It will lessen waste and develop thrift. It will tremendously increase the South's power to develop its own resources. It will stir farmers and merchants and

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Capital, \$100,000 Surplus, \$100,000 Deposits, \$950,000

bankers and manufacturers to doing many things for their own good which will lead to the broadest development of the South, as well as to their individual prosperity.

"There are many sections of the South which will be benefited by the high prices of foodstuffs brought on by the war. A very large proportion of the South does not raise cotton, but grains and livestock, and these sections, like the West, will be enriched by the higher prices for all their products. The Virginias, Maryland, Kentucky, Tennessee, Missouri, Louisiana and a very large portion of every Southern State will, like the West, share in the prosperity which is to come from higher prices of grain due to Europe's enormous demand. Even under ordinary conditions the value of the diversified agricultural products of the South is more than twice as great as that of cotton, but cotton has so largely been the basis of credit in this section, as stocks and bonds have been in Wall Street, that people have talked in terms of cotton rather than in terms of diversified agriculture.

"There are sections of the South which have not even felt the effect of the war. The peanut-growing region of Eastern Virginia, with its exceptionally large production of hogs, is enjoying great prosperity. The tobacco-growing regions of Virginia and Carolina, except for the general talk of war, would hardly have known that war existed, for tobacco is commanding good prices and the tobacco factories of these States are doing a big business. Tobacco growers of Maryland and Kentucky, whose products are largely shipped abroad, have, of course, had to bear something of the same kind of burden that the cotton growers have had, but this situation

will of necessity lighten up in the near future and conditions will improve.

"The 'Manufacturers Record' feels safe in making the assertion that the profit to the South as a result of these conditions will hereafter annually exceed the loss on this year's cotton crop compared with what the South had expected to get for its cotton. The quickening of the life and thought of the whole South, the determination of the cotton growers to raise their own foodstuffs to a larger extent than they have done since 1860, the mental stir and life which has been given to them, will all combine to produce wonderful results. Moreover, the South, shocked by the begging spirit temporarily developed, largely through political activities, which made the South appear to the world as a beggar section asking alms for its cotton growers, has been stirred to indignation as never before. Its people have demanded that they shall not be posed before the world as beggars or as unable to meet every problem which faces them and work it out to their own salvation.

"A five weeks' swing around the circle, meeting every class of people in the South, from the banker and the merchant and the manufacturer to the farmer and the day laborer, has brought the deepest conviction that the temporary loss which the South has faced will ultimately prove one of the greatest blessings ever bestowed upon it, for out of this condition there will be developed a mental and a physical activity which will produce amazing results in the advancement of the life of the South.

"Let no one outside for a moment imagine that the South is in poverty or that the South will be halted in its material advancement. The South is not in poverty. It is amazingly well

off, and only temporarily has its financial strength been tied up by reason of its inability to realize on one of the world's best assets—a cotton crop that has for some years brought into this section a billion dollars or more a year. This cotton is now becoming, like the stocks and bonds of Wall Street, a tangible asset with which men are able to meet their obligations, giving to all the ramifications of business the inspiration needed to stir and quicken business life.

"Every business concern in this country that has been doing business in the South, or had expected to do business in that growing section, ought to recognize the situation and fully realize that the halting was but for a moment, and that out of this temporary crisis will come a greater, a more progressive, a more energetic and a richer South.

"Every man in the South ought to draw new inspiration from the present conditions and have a stronger faith in his own section and in the way in which it can meet every emergency. Every man in this section with quickened energy of mind and body should go forward with broader plans for the advancement of his own interests, whether they be agricultural, commercial, financial or industrial.

"The lesson taught by the effect of the war will be worth to the South many times its cost. No one for a moment need be disturbed by the fact that temporarily the lesson was a somewhat drastic one. Every emergency met or every new crisis faced and conquered means a broader man and a broader country. The South has met the crisis; it has met the responsibility of the hour, and it will move forward to mightier achievements than six months ago would have been deemed possible to expect for years to come. The voice of the awakening South is heard clear and distinct; Forward—March!"

—The report of condition of the Federal Reserve Bank of Richmond on December 4 is specially interesting, as

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showing the large amount of gold contributed by member banks. Also, the percentage of gold to other cash is very high, perhaps above that of any other Federal Reserve Bank except the one at San Francisco. Herewith is the Richmond statement of the date mentioned.

ASSETS

Cash on hand:

Gold coin and certificates....	\$8,121,190.50
Legal tender, silver cts., etc.	223,849.45

Total	\$8,345,039.95
Rediscounts	405,430.93
All other assets.....	15,297.99

Total	\$8,765,768.87
-------------	----------------

LIABILITIES.

Capital paid in.....	\$1,093,016.67
Reserve deposits	7,343,449.55
Fed. reserve notes in circulation	325,000.00
All other liabilities.....	4,302.65

Total	\$8,765,768.87
-------------	----------------

Gold reserve against all liabilities..	109%
Cash reserve against all liabilities	
after setting aside 40% gold reserve for Federal Reserve Notes	
in circulation	112%



WESTERN STATES

Chicago

—George B. Caldwell, vice-president of the Continental and Commercial Trust and Savings Bank, and former president of the Investment Bankers Association of America, has re-



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Capital \$200,000.00
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 Total Resources 2,264,000.00

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I. ISAAC IRWIN, Vice-Pres.

L. J. RICE, Asst. Cashier

C. L. WILLIAMS, Cashier

T. C. HAMMOND, Asst. Cashier

Q A new building, the best equipment, an able and experienced staff of officers and employes—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

signed his position to go to New York as president and general manager of the Sperry & Hutchinson Company and its affiliated corporations.

—It is expected that at the annual election of the Continental and Commercial National Bank, Arthur Reynolds, president of the Des Moines National Bank, will become associated in a prominent official capacity with that institution.

--James B. Forgan, president of the First National Bank, dean of the banking profession in Chicago, and one of the best-known bankers of the United States, was honored recently by election as President of the Federal Advisory Council, which is the advisory body of the Federal Reserve Banking System. Mr. Forgan is also a Class A director of the Federal Reserve Bank of Chicago.



St. Louis

—The Boatmen's Bank, the oldest in Missouri, is now established in its new home at Broadway and Olive street. Its main banking room is one hundred by seventy-five, while in the mezzanine are ample accommodations for the clerks, bookkeepers and stenographers, and the basement contains the vaults and safe-deposit equipment.

The Boatmen's Bank was originated

February 16, 1847, from the idea of George K. Budd, who had come from Philadelphia. The bank had no capital and was started by fifteen men who decided to share the profits pro rata between those who had deposited not less than \$100 and allow the same to remain undisturbed during the twenty-year life of the charter. The bank was started as the Boatmen's Saving Institution and was located at Olive and Main streets. The city then had a population of 55,000. Adam L. Mills was the bank's first president.

From this humble start the Boatmen's Bank has grown steadily until to-day it is one of the strongest banks in the State and in the country. Its last statement showed a capital of \$2,000,000, all paid in, surplus earned \$1,000,000, and undivided profits of \$339,736.

The bank's officers are as follows: Edwards Whitaker, president; William H. Thomson, vice-president; Julius W. Reinholdt, vice-president; Ernest M. Hubbard, cashier; Edgar L. Taylor, assistant cashier; Clarence R. Laws, assistant cashier.

—A new arrangement of the banking offices of the National Bank of Commerce has been made, affording much greater convenience and an improved appearance generally in the splendid quarters of this institution.

—President Richard S. Hawes of the Missouri State Bankers Association, and vice-president of the Third

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NATIONAL
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PITTSBURGH. PA.

OFFICERS

WILLIAM PRICE, President
W. O. PHILLIPS, Asst. Cashier

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Correspondent

Capital - - \$600,000.00
Surplus and Undivided Profits 1,542,923.38

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WRITE

National Bank, and Breckinridge Jones, president of the Mississippi Valley Trust Company, have been conducting a strong State-wide campaign for the appointment of a commission to revise the banking laws of the State. Meetings of bankers have been held in a number of cities and much enthusiasm aroused in favor of the movement.

—E. B. Clare-Avery, assistant cashier of the Merchants-Laclede National Bank, is the new chairman of Group Five of the Missouri Bankers Association.



—The Millers and Traders State Bank has been organized at Minneapolis, with \$50,000 capital. Its officers are: President, Guy A. Thomas; vice-president, J. P. Snyder; cashier, O. L. Gulkro; assistant cashier, Alexander Bear.

—"The Commercial West" of Minneapolis thinks that paternalism is our greatest danger. It says:

"Students of economics, and especially those who are also practical business men, are more concerned about our drifting towards paternalism than about any other national tendency. This movement is shown by the increasing regulation of every sort of business, through Federal or State commissions, and the great multiplication of boards and commissions during the past decade.

"There is no denying that we have developed a regulation mania that is becoming a menace to business initiative and industrial development. The multitude of restrictions being thrown around business activity first arouses hostility, then disgust and finally a disposition to quit the game and tell the legislative annoyers to 'go hang.'

"Business is done on enthusiasm, expectation of some profit and great hopes for accomplishing big things in industry, commerce or finance. But some legislators seem to lie awake nights thinking up new ways to 'take the joy and enthusiasm out of business.' We are in danger of forgetting what government is for. It was not established to construct a great machine to be run at the expense of the people; it was not intended that it should go into all sorts of business enterprises, much less smother business enthusiasm. The business of government, according to the political philosophy that has obtained in America since the days of the Pilgrim Fathers, is to establish and maintain justice and give every honest business a chance to develop. If the Government would keep in mind the political gospel of our forefathers, which was that the State should safeguard the rights of the individual to 'life, liberty and the pursuit of happiness,' it would avoid much meddling that smacks of European paternalism."

—According to the "Oklahoma Oklahoman," Oklahoma will reap her

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share of the national harvest of benefit to be derived from Uncle Sam's newest and greatest invention—the Federal Reserve Banking System. This paper says:

"The Federal Reserve Bank, the most tremendous institution of its kind the world ever saw, intended to prevent panics and increase financial elasticity, undoubtedly will be of immense advantage to this State," said M. L. Turner, president of the Western National Bank.

"Indirectly, but certainly, nevertheless, the doors of the United States Treasury will be opened for the distressed cotton farmer of Oklahoma. The small but reliable country banks will borrow the money from the regional reserve center—and will pay just six per cent. interest for it. In turn, the little banker will be able to finance the farmer.

"While some persons were disappointed because the northern and eastern portion of Oklahoma, including Oklahoma City, went into the Kansas City district, it appears to me that it is very fortunate we were placed in that region instead of Dallas'. The reason is that surrounding Dallas is a great cotton district. The country bankers will all want money at once. As it is, the Oklahoma farmers want money at one time; at another time when the Missouri and Kansas farmers need it this same money can be furnished to them."

President Turner is personally acquainted with Secretary McAdoo and

with several members of the Federal Reserve Banking Board. He declared that a number of the men on the board could earn salaries amounting to ten times as much as they receive from the Government had they remained in private business.

"John Skelton Williams, for instance, was president of the Seaboard Air Line," he said. "His salary from the railroad was many times greater than that he will be paid by the Government. This goes to show that the men in charge of the reserve system are working for the benefit of the nation, without thinking of themselves."

--Bankers from Jackson, Hillsdale, Washtenaw, Lenawee and Monroe counties, met at Jackson, Mich., on November 18, and formed Group No. Nine of the Michigan Bankers' Association, to be known as the Jackson district. The following officers were elected: Chairman, Charles M. Spinning, Jackson; secretary-treasurer, W. L. Walz, Ann Arbor; committeemen, E. J. Foster, Grass Lake, Jackson county; William Wetmore, Jonesville, Hillsdale county; H. V. C. Hart, Adrian, Lenawee county; Oliver C. Rose, Petersburg, Monroe county; Geo. A. Begole, Chelsea, Washtenaw county.

—Group Four of the Michigan Bankers Association was organized at a meeting held at Big Rapids, November 19. D. C. Morrill of that place



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being elected chairman and H. McKinley of Grant, secretary and treasurer.

—The Des Moines National Bank, of which Arthur Reynolds, former president of the American Bankers Association, is president, has bought the business of the German Savings Bank of Des Moines.

John A. Cavanagh, president of the German Savings Bank, becomes a heavy stockholder in the Des Moines National and a vice-president of that institution.

It is understood that Mr. Reynolds will go to Chicago to become vice-president of the Continental and Commercial National Bank, of which his brother, George M. Reynolds, is president.

-- More than 100 bankers from northeastern Kansas towns and visiting bankers from Chicago and Kansas City, Mo., were in Kansas City, Kas.,

November 25, for the annual session of Group One of the Kansas Bankers Association.

A discussion of the new Federal Reserve Bank System occupied much of the programme. P. W. Goebel, president of the Commercial National Bank, Kansas City, Kas., spoke of the "Functions and Benefits of the Federal Reserve Bank," and Charles M. Sawyer, Governor of the Kansas City Federal Reserve Bank and former Bank Commissioner of Kansas, spoke of the "Relation of the State Banks to Reserve District No. 10."

"The Federal Reserve Bank will not prove an immediate cure for all financial troubles, but it will gradually grow into its intended place as the big balance wheel of our national financial system," Mr. Goebel said. "In this territory we usually find the banks filled up with money during the winter time, when no crops or stock are moving. Then with the first opening of summer we find the money leaving

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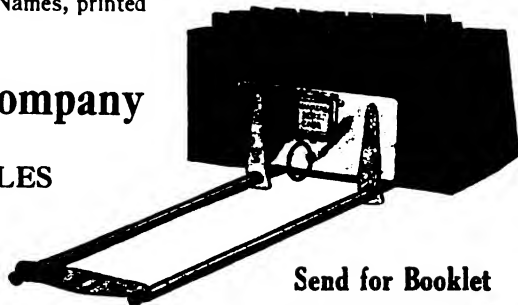
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the banks. The Federal Reserve Bank will serve to keep the money of the country more evenly distributed, and under its manipulations we will not have a situation of an abundance of money in the banks during the dull seasons and an outflow during the busy times, but will have a normal balance at all times."

Mr. Sawyer said:

"The establishment of the Federal Reserve banks will, in my opinion, result in creating a uniformity in the banking laws of the various States, and these new laws will be made to conform in a large measure with the Federal Reserve banking laws."

—J. S. Aisthorpe, president of the Illinois State Bankers Association, has issued the following which should interest merchants and bankers in the Mississippi Valley:

"The Central West seems only recently to have become conscious that as a producer of great staples it is

vitality concerned in world commerce, and that if its industries are to adequately afford employment for the increasing population which provides the valuable home market for commodities, its natural foreign markets must not be circumscribed by barriers which put the producers at an economic disadvantage.

"Whatever can be manufactured to advantage in the Mississippi Valley, particularly for Latin-America consumption, should have the benefit of direct transportation and banking service in the foreign field.

"Popular interest in the completion of the Panama Canal has obscured the fact that as to certain classes of commodities and manufactured articles heretofore supplied to either American seaboard in competition with the opposite transcontinental territory, the Mississippi Valley will in the future be at a disadvantage.

"The handicap enforced in this respect cannot be overcome and new fields must be entered. This requires

concerted action and such Federal consideration as can be secured.

"Any advantages of the Canal must be shared with other territory and other nations, both already better qualified through experience and connections to render acceptable service to markets which should otherwise be the natural trade territory for the people of the Mississippi Valley.

"Much of Latin-American trade is nearer our markets than any others, and the obvious conclusion is that the first objective should be in that direction, and that public as well as business consciousness must be aroused to all the elements necessary in acquiring special fitness and facilities for trade development requiring some years of constructive effort.

"The fact of international interdependence is now approximately understood. Education for commercial efficiency should begin in terms of world commerce, business should proceed to effectively establish and preserve trade outlets and facilities, and bankers should lead in familiarizing their employees and the public with the details of exchange and credits.

"Our agricultural interests are concerned in maintaining industrial activity, and as both are the basis of banking strength, the community of interest is intimate. In addition the problem is national, requiring the support of statesmen with ability to appreciate the necessity for large and possibly related units of production, marketing, transportation and finance.

"Recently much has frequently been reiterated in a general way as to opportunities in Latin America, what business concerns should do to enter the field and the need for banking facilities, qualified and willing to support trade extension, but little popular knowledge has been acquired as to the apparent necessity for extended cooperation in behalf of the Central West and the Mississippi Valley in the territory naturally tributary to it, or the danger which lies in neglecting the present opportunity.

"If support is given largely to creating additional trade routes and exchange and credit facilities from the Atlantic seaboard, the Central West will later have greater difficulty in establishing direct communication which will relieve it from being penalized to the extent of the eastbound freight charges and the loss in time as against shipments through gulf ports, the direct and logical outlets for this territory.

"If the business and banking interests will concentrate on this problem, it is believed a basis for immediate action can be devised which will be entirely adequate to meet every requirement and save the situation.

"Investigation and developments since the Illinois Bankers Association authorized the appointment of a foreign trade committee and suggested that other bankers associations in the Mississippi Valley appoint similar committees, appear not only to fully justify the more intimate study of the problem, but indicate the urgent necessity for action."

—When the People's Bank of St. Paul opened its doors June 17, Kelsey S. Chase, president of the institution, predicted that deposits during the first six months would aggregate \$600,000, and this figure was reached in less than five months.

Deposits on the opening day, June 17, amounted to \$187,008.01, and on November 13 they passed the \$600,000 mark. At the close of business, November 19, the figures had reached \$660,319.65, and there is every indication that the first year's business of the institution will exceed the most optimistic anticipations. That is why the bank has adopted the slogan, "The fastest growing bank in St. Paul."

--The First National Bank of Owatonna, Minn., has a new building just completed at a cost of about \$80,000.

—Consolidated resources of 806 Iowa savings banks, 309 State banks and

nineteen trust companies on November 4 were \$381,879,014—an increase of \$8,111,330 compared with November 13, 1913. Between the two dates there was an increase of forty-four in the number of banks.

—Michigan State banks and trust companies show a loss of \$3,186,097.75 in aggregate business since report of September 12, 1914. This statement appears in Bank Commissioner Doyle's statement of December 1. But inasmuch as the total resources of these institutions reach to the comfortable figure of \$420,965,185.70, the loss is not a serious one.

—Harold T. Sibley, formerly manager of the bond department of the Chicago Savings Bank and Trust Company, has been appointed manager of the bond department of the International Trust Company of Denver.

—According to the report of State Bank Commissioner F. E. Drach, there were in the State of Colorado on October 31, State and savings banks to the number of 149, together with thirty-seven private banks and twenty trust companies, whose combined resources were \$55,898,679.49—an increase of \$1,575,639.89 since September 12.

—To fill the vacancy in the office of Bank Commissioner of the State of Kansas caused by the resignation of Chas. M. Sawyer to become Governor of the Federal Reserve Bank at Kansas City, the Governor of Kansas has appointed W. F. Benson, president of the Citizens Bank of El Dorado as State Bank Commissioner.

—Minnesota bankers will consider carefully the real or supposed advantages in the Federal Reserve Act before deciding in regard to entering the new system. The questions of reserves, loans on real estate, examinations, and some other matters, will all have to be carefully studied before any general action is resolved upon by the State institutions.

PACIFIC STATES

—W. W. Scruby, heretofore assistant cashier of the Dexter Horton Trust and Savings Bank, Seattle, is now cashier and secretary, and R. H. MacMichael is assistant secretary, but continues to hold the position of manager of the bond department of the Dexter Horton National Bank.

—E. R. Truax, formerly at the head of the credit department of the Exchange National Bank, Spokane, and afterwards assistant secretary of the Spokane and Eastern Trust Company, is now assistant cashier of the First National Bank of Seattle.

—Opening of the Panama-Pacific Exposition on schedule time—February 20—is announced. Already many of the exhibits are in place ready for the opening. While as a result of the war, exhibits from the Orient and from South America have been largely increased, a surprisingly large exhibit will be made from a number of European countries, notwithstanding the war.

The Exposition represents an investment of \$50,000,000. It occupies a natural amphitheatre extending for two and a half miles along the shores of San Francisco Bay just within the Golden Gate.



CANADIAN NOTES

—Net profits of the Bank of Toronto for the year ending November 30 were \$829,538.84, to be added to \$307,272.09 at the credit of profit and loss on November 30, 1913, making a total of \$1,136,810.93. Four quarterly dividends of two and three-quarters per cent. absorbed \$550,000, and a bonus of one per cent., \$50,000, making a total distribution of \$600,000, or twelve per cent. Officers' pension fund received \$25,000; the patriotic fund \$5,000 (first installment of a subscription of \$25,000); the Red Cross So-

ciety, \$2,000; Toronto General Hospital, \$2,000. An appropriation of \$100,000 was made to cover depreciation in stocks and bonds, leaving \$402,810.23 to be carried forward to next year.

Total assets of the Bank of Toronto on the date named were \$61,929,363.20.

--James G. Cannon, formerly president of the Fourth National Bank of New York, and one of the well-known bankers of the United States, has been elected a director of the Guarantee Company of North America, succeeding his brother, Henry W. Cannon, former president of the Chase National Bank of New York, who is resigning his various directorships.

—The "Financial Post," Toronto, says:

"W. W. Watson, widely and favorably known in Winnipeg, has arrived in Toronto and has entered on the discharge of his new duties there at the head office of the Bank of Nova Scotia. Mr. Watson has been connected with this bank for over a quarter of a century, chiefly in the Maritime Provinces and in Newfoundland. He went to Winnipeg as manager of the branch there. He left this position to become the manager of the Winnipeg Clearing-House, and was also interested privately in certain Winnipeg financial corporations. During the past few months he was closely identified with the work of the Red Cross Society at Winnipeg. He recently decided to return to the service of the bank, and was offered a position of much responsibility at the head office in Toronto. W. A. Weir, formerly the manager of the Sterling Bank in this city, has assumed the position of manager of the Winnipeg Clearing-House. Mr. Weir is also the secretary of the Western section of the Canadian Bankers Association."

—Referring to the new president of the Imperial Bank, the "Financial Post" of November 28 says:

"Senator Jaffray was, on the 25th

inst., elected by the directors of the Imperial Bank president of that institution, in succession to the late Colonel D. R. Wilkie. Mr. Edward Hay, formerly assistant general manager, was appointed to the position of general manager, and Mr. W. Moffatt, from the position of chief inspector, has been promoted to be assistant general manager.

"These appointments will, no doubt, meet with the satisfaction of the shareholders, inasmuch as a conservative policy, carried out so much to their advantage by the late Colonel Wilkie, will be continued under the new management.

"Senator Jaffray, the new president, is one of the best known men in financial circles in Canada. In addition to being on the directorate of the Canada Foundry Company, Canada Life Assurance Company, Canadian General Electric, Central Canada Loan and Savings Company, Dominion Securities Corporation, General Accident Insurance Company, Nova Scotia and Coal Company, and the Toronto General Trusts Corporation, he is president of the Globe Printing Company."

—The Bank of British North America has a new branch at Prince George, B. C., with J. Munro manager.



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A LARGE, slouchy colored man went shuffling down the road whistling like a lark. His clothes were ragged and his shoes were out at the toes and heels, and he appeared to be in the depths of poverty for all his mirth.

As he passed a prosperous-looking house a man stepped from the doorway and hailed him. "Hey, Jim! I got a job for you. Do you want to make a quarter?"

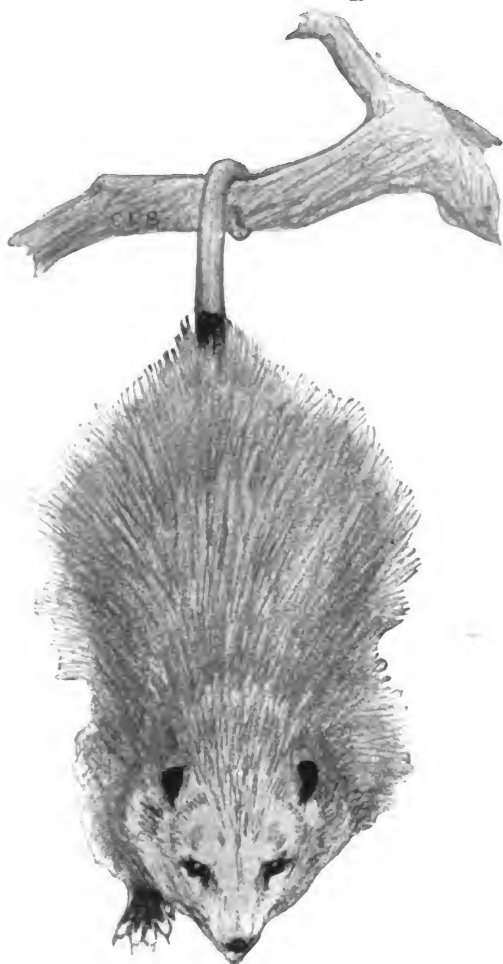
"No, sah," said the ragged one. "I done got a quarter."—*Everybody's Magazine.*

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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-NINTH YEAR

FEBRUARY 1915

VOLUME XC, NO. 2

Annual Report on the Finances

USUALLY the annual report of the Secretary of the Treasury is somewhat dry reading—a statement that is not intended as a reflection on the literary skill of the eminent gentlemen who from time to time have occupied that distinguished post, but rather indicates the difficulty of evoking interest from the unromantic subject of finance. It is reported that Gladstone could hold the close attention of the House of Commons with a budget report; but our Secretary of the Treasury is not, under existing custom, permitted to present his report to Congress in person, and must depend upon the printed page to carry his message.

The Annual Report on the Finances which Secretary McAdoo presented to the Speaker of the House of Representatives on December 7 last is far from being a dry and uninteresting document. It gives, in a concise and consecutive form, the financial history of a most important epoch. Perhaps no report since the close of the Civil War has contained so much of interest and value to the student of American banking and finance. This was due to the problems growing out of the European war crisis.

“The outbreak of the European war,” says the Secretary, “precipitated many grave problems. International credits and exchanges were completely disorganized, ocean transportation was for a time partially paralyzed, the entire business and economic structure in this country was shaken to its foundations, and a catastrophe of calamitous proportions was narrowly averted. It is a tribute to the economic strength and soundness of the country and to the patriotism of its people in every class and walk of life that the shock

has been so admirably withstood. A panic of cataclysmic proportions might easily have resulted, and if it had the injury to the country would have been incalculable and many years would have been required to overcome its effects. Through the prompt and effective action of the Treasury Department, and with the cordial and intelligent co-operation of the banking and business interests of the country, the danger has been averted. Confidence has been restored and specie payments have been maintained in the face of the world. At no time since the war broke out has there been, to the knowledge of this department, with the exception of a few isolated cases, a failure on the part of any solvent national bank to honor its checks in currency or money or to meet its obligations. The general revival of business throughout the country is the best evidence that confidence has been restored. Interest rates have come down from the high level to which apprehension had lifted them, restriction of credits has disappeared, foreign exchange has reached a normal basis, and a feeling of optimism pervades the business world. There is every reason why the country should look to the future with confidence so far as its trade, commerce, and industry are concerned. This has been accomplished notwithstanding the fact that the Federal Reserve System authorized by the act of December 23, 1913, was at that time only in process of formation and was therefore unable to render any service in the situation."

We are now so close to these events that it is not easy to realize their true meaning. That such disorganization of credits and exchanges, such partial paralysis of ocean transportation, could occur without a panic of cataclysmic proportions is indeed "a tribute to the economic strength and soundness of the country and to the patriotism of its people in every class and walk of life."

As the Secretary says, "Through the prompt and effective action of the Treasury Department, and with the cordial and intelligent co-operation of the banking and business interests of the country, the danger has been averted."

That the Treasury Department put forth prompt and extraordinary exertions to prevent a panic is fully evidenced by the detailed account which the Secretary gives of the various expedients employed.

At the first sign of trouble, on July 31, the Treasury Department announced the fact that it was keeping in close touch with the

situation, and announced readiness to lend assistance in New York or elsewhere as needed. In this statement it was pointed out that the Treasury had printed and on hand \$500,000,000 in currency which the banks could obtain under the Aldrich-Vreeland Law as amended by the Federal Reserve Act.

On August 1 the chairmen of the clearing-house associations of the three central reserve cities—New York, Chicago and St. Louis—were invited to send to Washington committees for conference, “with a view to intelligent co-operation in protecting the interests of this country.” This conference was fixed for August 3. Before it took place the situation became still more serious, and the Secretary of the Treasury on August 2 proceeded to New York for a conference with leading bankers of that city for the purpose of concerting measures to protect the situation. He was accompanied by Charles S. Hamlin, then Assistant Secretary of the Treasury; John S. Williams, Comptroller of the Currency, and W. P. G. Harding, a member of the Federal Reserve Board. At this meeting it was decided that only by an immediate and liberal issue of emergency currency could the situation be controlled. Large amounts of this currency were sent to the various sub-Treasuries, so that at the opening of business on August 3 the banks were able to cope with the situation as it developed.

Immediate steps were taken to organize the country into national currency associations, so that the obtainable relief under the Aldrich-Vreeland Act, as amended, would be available to as large a number of national banks as possible and upon short notice. As a consequence, the entire country was divided into forty-four national currency districts and national currency associations organized in each.

From August 1 to October 31, 1914, there was issued to national banks of New York city emergency currency in the amount of \$141,228,000.

During the same period there was issued to national banks in all the States of the Union, with the exception of ten (in which the banks did not apply), namely, Maine, Vermont, Rhode Island, Delaware, South Dakota, Montana, Wyoming, Idaho, Nevada, and Arizona (and not including New York city), \$228,330,040 of emergency currency.

The Aldrich-Vreeland Law was amended so as to allow national banks to issue circulating notes to 125 per cent. of their unimpaired

capital and surplus, instead of 100 per cent. as originally provided, and the benefits of the act were also extended to banks which did not have outstanding circulation equivalent to forty per cent. of their capital stock, as required by the old law. At the suggestion of the Treasury Department, it was provided in the amended law that the banks should maintain on deposit in the Treasury a redemption fund in gold sufficient, in the judgment of the Secretary of the Treasury, for the redemption of the notes. The law had formerly required a five per cent. redemption fund which might be in lawful money.

The Secretary considered it essential that he should have power to compel the banks to maintain at all times a sufficient amount of gold in the redemption fund to protect the Government thoroughly against these large issues of paper money.

It is interesting to note, in this connection, the efficacy of the emergency currency law. On this point the Secretary says:

"The Aldrich-Vreeland Act, as amended by the Federal Reserve Act and by subsequent amendment of August 4, 1914, has served a most useful purpose. The redemption of the emergency currency will not, I believe, present a difficult problem. Arrangements have been perfected in the department for a system of clearances between the banks which is expected to overcome the difficulties and inconveniences which might otherwise be encountered."

To still further relieve the financial situation, and to enable the banks to assist in the movement of crops, public funds were deposited in national banks between August 1 and October 31 to the amount of \$19,446,246.

Additional activities of the Treasury Department in this trying situation are summarized in these extracts from the Secretary's report.

"The demoralization of foreign exchanges and credits and the disorganization of ocean transportation produced a situation of exceeding gravity. Grain and foodstuffs for export were congested at the leading Gulf and Atlantic ports to such an extent that a temporary embargo was placed by the railroads on shipments of grain to Baltimore, New Orleans, and Galveston.

"There was also impending another grave problem, as an inevitable consequence of the war, viz., the cotton situation in the South.

“While no responsibility for dealing with these problems rested, by law, upon the Treasury Department, it was believed that the powers of the department could be exerted for the benefit of the situation. It was recognized that the resources of the country should be organized so that, by intelligent co-operation, the best results could be obtained. A series of conferences was determined upon as the most effective means of co-ordinating the vital factors and forces in the country.

“As a result a conference was held at the Treasury Department on the 14th of August, 1914, between leading bankers, business men, and steamship and railroad managers.

“Much good resulted from this conference. Congress promptly enacted the war-risk insurance measure and made it a bureau of the Treasury Department.”

On August 18 a conference was called to consider the cotton situation. This conference met in Washington on August 24, and was attended by the Secretary of the Treasury and two Assistant Secretaries, the Postmaster-General, Secretary of Agriculture, Comptroller of the Currency, several members of the Federal Reserve Board, the Chairman of the Senate Committee on Banking and Currency, and by prominent representatives of various sections of the country interested in the production, financing and manufacturing of cotton and tobacco.

At this conference a committee of eighteen was appointed to formulate a report and suggestions.

Before this report was made the Treasury decided to accept notes secured by cotton, tobacco, etc., as a basis for issues of emergency currency, the Secretary making the following announcement on August 27:

“Among the eligible securities to be used as a basis for the issue of currency I have decided to accept from national banks, through their respective national currency associations, notes, secured by warehouse receipts, for cotton or tobacco, and having not more than four months to run, at seventy-five per cent. of their face value.”

The Secretary's intention to confine the use of this currency to crop harvesting and moving was thus plainly declared.

“Since the law leaves it entirely in the discretion of the Secretary of the Treasury to issue or not to issue the currency to which I have referred, I shall not hesitate to refuse it if I am convinced that it

will be used merely for speculative purposes instead of for the operation of harvesting and carrying the crop until a reasonable market can be found and for the needs of legitimate business."

The Secretary also expressed the opinion that there was adequate power under existing laws to issue through the national banks all the currency to meet any reasonable demand, and that it was not necessary to extend the note-issuing privilege to State banks.

Regarding the proposal to emit large issues of greenbacks, the Secretary said:

"During the discussions of the cotton question within the past few months many have contended that the remedy for the situation was the issue of great volumes of paper money, in the form of greenbacks and otherwise. This, in my opinion, was wholly erroneous and unsound."

The Secretary thus summed up the situation on October 9:

"Existing law authorizes the Secretary of the Treasury, in his discretion, to issue more than \$1,000,000,000 of additional currency to national banks throughout the country. The banks, therefore, have ample opportunity to get more than enough currency to meet every conceivable demand, if more currency is, as many seem to think, the remedy for the cotton situation. I do not believe it is. I am firmly convinced that neither additional nor unlimited issues of paper money will help the cotton planter. I am equally convinced that the inevitable inflation which such issues would cause would hurt him and hurt the country. What is really wanted is a restored market for cotton at a profitable price. This is the real fact, the real truth in the situation. It is impossible by legislation to create a market for cotton or to establish a price for it. The value of cotton has been injured this year by the European war. This injury can not be retrieved nor the market restored by legislation any more than the injury to corn, which was caused by the drought last year in the great corn States of the West, could have been repaired by legislation.

"Up to the present time there has been a disposition everywhere to look exclusively to and rely wholly upon the National Government for assistance. There are many things which the cotton States and the people of the South can do for themselves which the National Government can not do for them. The powers and resources of the Southern States should be employed for the benefit of

their people, and the National Government should not be expected to do things which are beyond its power."

As a result of conferences on the cotton situation, a plan was evolved for a cotton loan fund, and on November 17 the necessary subscription of \$100,000,000 to make the plan operative was completed.

The formation of the "gold fund" is thus referred to in the Secretary's report:

"It was realized that the cotton problem was involved in that of foreign exchange. It had early become apparent that unless the price of London exchange could be reduced from the high level then prevailing, viz., above \$5 per pound sterling, to approximately the normal rate of \$4.87 per pound sterling, the interests of our people must suffer seriously. The war found our business men and bankers indebted to London in the sum of approximately \$450,000,000, maturing by January 1, 1915. The City of New York owed \$80,000,000 in London and Paris maturing in that period. Ordinarily this debit balance would be paid off by our shipments of cotton (principally), grain, foodstuffs, and other commodities. But the check upon and uncertainty about normal exportations made it necessary to devise some measure to enable our business men and bankers to meet their foreign obligations in gold without suffering the great losses that the high price of exchange at that time would have compelled. It was thought that a fund of \$100,000,000 in gold, to be contributed by the national and State banks and trust companies in the various States, to be administered by a committee of bankers in New York, would restore confidence and afford relief. A plan was therefore prepared and on the 21st day of September, 1914, received the approval of the Secretary of the Treasury and the Federal Reserve Board. This, together with the increasing export trade of the United States, has had a salutary effect in reducing the price of exchange to a normal basis. This in turn has produced a favorable effect upon the foreign demand for cotton."

With all these added burdens imposed upon him by the exceptional business and financial situation, the Secretary of the Treasury was called on to take a leading part in inaugurating the new Federal Reserve Bank System. Under the Federal Reserve Act he was a member of the Organization Committee, and it became his duty to assist in dividing the Continental United States into twelve

districts and to designate a city in each of these districts as the location of a Federal Reserve Bank. Furthermore, by virtue of his office, the Secretary was Chairman of the Federal Reserve Board itself, and as such has done a great deal of extra work in launching the new banking system.

The imposition of fresh taxation of a special form has also served to complicate the duties of the Secretary's office.

What has been recounted above comprises only the most striking financial events of the past year. These memorable occurrences will no doubt form the theme of discussion by financial writers in after years. An attempt to appraise their importance now might be somewhat premature.

But this much may be said. That in circumstances of extraordinary difficulty Secretary McAdoo has acted with promptness and efficiency. He has done what could be done properly to extricate business from the entanglements caused by the war. And we do not think any one can deny that the co-operative spirit manifested by the Treasury Department, under his guidance, has been one of the most important factors in avoiding a general panic. It is indeed a remarkable fact that the country has emerged from the recent stress with so little of permanent harm. Our business men and bankers—all our people—are deserving of credit for their earnest co-operation and for refusing to become unduly alarmed. And especial credit is due to the Secretary of the Treasury, not only for his readiness to adopt every sound remedial measure, but for firmly refusing to countenance any proposal tending to lead the country into the dangers of unlimited paper "money" inflation.

MILITARISM AND COMMERCIALISM

SPEAKING at the dinner of the Southern Society in New York on the evening of December 9, Hon. John Skelton Williams, Comptroller of the Currency, expressed the view that there was danger of the country becoming too much absorbed in commercialism. His remarks, as reported by the New York "Times," were as follows:

"No thinking man in this country can be an advocate of war or

teacher of the warlike spirit, but we should aim at an equal balance between militarism and commercialism.

"Commercialism without a fair infusion of the warlike spirit inevitably becomes effeminacy. It is true of peoples, as individuals, that the mind, concentrated solely on gathering money, becomes degraded. It seems to me that one of the highest duties of the South is to revive interest in our resources for self-defense and for the maintenance of our dignity among nations."

Doubtless Mr. Williams, in the remarks quoted, merely meant to favor a sufficient cultivation of the military spirit to safeguard the country against the attacks of other nations, and with this purpose no one properly concerned about the country's welfare can disagree. But some of the statements made by Mr. Williams seem to invite an inquiry as to their correctness.

"Commercialism," he says, "without a fair infusion of the warlike spirit inevitably becomes effeminacy."

"Commercialism" is a pretty broad term. It would include the labors of the woodsman, felling the trees of the forest; of the miner, wresting wealth from the earth; of the sailor, battling with the ocean storms; of the engineer, guiding his locomotive at sixty miles an hour along the gleaming rails; of men at the flaming forge, beating iron and steel into manifold shapes—in short, of all the rude, laborious employments of men in contending with the unsubdued forces of nature, which are sufficient to afford a fair guaranty against the dreaded "effeminacy." Mr. Williams himself has been for some years engaged in higher commercial pursuits, but this dainty employment does not appear to have dulled his fighting edge.

Has it not become true, in the sharpness of modern commercial contests, that business itself is a battle calling out courage and resourcefulness in a degree almost equal to that required on the field of war? Have not the great captains of industry been, as a rule, men of vigorous personalities?

But Mr. Williams also fears that we shall become degraded by concentrating our attention on money-making. He says:

"It is true of peoples, as individuals, that the mind, concentrated solely on gathering money, becomes degraded."

Now, does the average person who expects to amass wealth concern himself solely with gathering money? Does he not rather first seek to perform some public service more efficiently than any

one else is doing or has done before? And in this service there is usually nothing degrading to himself, but it is very likely to be ennobling and of benefit to the community.

A reasonable cultivation of the warlike spirit may be essential to a proper maintenance of the national defenses, but is there not abundant proof to show that commercialism, in its broadest aspects, is entirely consistent with physical vigor, and that the gathering of money through the performance of service to the public is compatible with sound moral health?

The doctrine of the ignobility of commerce is an old one, reaching back to the ancients. It has been thus stated by Oliver Goldsmith:

“Where wealth and freedom reign contentment fails
And honor sinks where commerce long prevails.”

To assure contentment then it would be necessary to substitute poverty and slavery for wealth and freedom; and if we expect honor to endure, trade must either be destroyed or reduced to a subsidiary position.

There are some other lines from Goldsmith, more frequently quoted than those above, to maintain the illusion that wealth is of itself dishonorable:

“Ill fares the land, to hastening ills a prey,
Where wealth accumulates and men decay.”

The witty and amiable poet was not a very safe guide in economic matters, but there is evidence in something he has written which indicates that his attitude toward wealth was less harsh than these quotations imply.

In these days a man to amass wealth must be diligent in his business and must confer some service or benefit upon mankind. He must conform to a code of honor which will not suffer in comparison with that seemingly adopted by some of the nations now engaged in destroying property and life. To succeed in business requires quite as nice a sense of honor as some of the employments of war which need not be particularized.

But all these considerations aside, the obstacles which beset the conduct of business in these days would seem to afford the average man a fair field for the exercise of physical and mental powers and to offer a reasonable guaranty against falling into that effeminacy which Comptroller Williams dreads.

PAN-AMERICAN FINANCIAL CONFERENCE

IT is announced that the Central and South American nations have been invited to send their Ministers of Finance and leading bankers to Washington for a conference with Treasury Department officials and financiers of this country on financial and commercial problems confronting the American countries as a result of the European war. The intention is to have the conference take place early in the coming spring. Such a meeting, if participated in by leading bankers and business men and conducted on practical lines, should be productive of much good.

The countries of Central and South America have not only suffered in their international commerce in common with the United States, on account of the European conflict, but they have been very seriously injured economically by the shutting off of the supply of outside capital upon which they, in common with all rapidly-developing nations, are more or less dependent.

No doubt it will be one aim of this conference to find some prompt and practicable means of meeting this deficiency. It can be supplied by the bankers of the United States if their interest can be enlisted, and to this end the conference at Washington will contribute to an important extent.

This is not merely a matter of deriving the ordinary banking profits that may be incident to the extension of loans to Central and South America. It concerns, and vitally concerns, the development of our trade with that portion of the world. The ability of these countries to buy in any foreign market will be greatly enhanced by maintaining, so far as possible, the flow of capital in that direction. And if we are now able and willing to take the place of Europe as the purveyor of capital to Latin America, we shall gradually, and perhaps more rapidly than many believe possible, begin to develop our financial and trade interests with those countries.

But the mutuality of interests between these two parts of the Western Hemisphere must be kept in view. Nothing would be more fatal or foolish than to seek to set ourselves up as financial almoners of Latin America. Great countries like Brazil and Argentina—to mention no others—might justly resent such an assumption of superiority. But a conference of the character indi-

cated ought to lead to better understanding and should promote mutual helpfulness. It is to be hoped that our bankers will take advantage of the opportunity this meeting will afford for getting into closer touch with Central and South American finance.

ARGENTINE LOAN PLACED HERE

THE placing of an Argentine loan in this country to the amount of \$15,000,000 may mark the beginning of other advances to South and Central American countries heretofore dependent upon Europe for their supply of outside capital. Probably the recent establishment of a branch of the National City Bank of New York at Buenos Aires aided in securing the flotation of the loan in this country, the issue being negotiated by the institution named. No doubt as our banks extend their operations in these countries, gaining first-hand knowledge of opportunities and conditions, the practice of making loans to Central and South American governments and to the municipalities and industries of those countries will grow more general. And especially so if the European conflict lasts much longer.

If banks from the United States had been established in Latin America some years ago we should have had the connections that would more speedily have enabled us to take advantage of this extraordinary opportunity to extend our banking and trade in that direction.

Repeatedly in recent years this MAGAZINE has urged the propriety of organizing an International American Bank for special service in building up American commerce and extending the sphere of our financial influence. The slower method of allowing national banks of a prescribed capital to go into the foreign field has been adopted. Through a long process of experience and natural selection this may result in limiting the business to the banks best fitted for it, though in the course of the process costly mistakes may occur that will tend to discourage some other banks from venturing into foreign territory and damage the prestige of American banking.

Of course, there is no question that the National City Bank of New York is in point of capital strength and general equipment as

well fitted for developing the foreign banking field as any other bank in the country. Its experience will be watched with interest by other banks qualified to compete for a share of the business if it shall prove profitable.

The readiness with which the Argentine loan was subscribed substantiates what this MAGAZINE has always insisted on—that our failure to compete for South American loans was due more to lack of disposition and proper banking machinery than to any want of funds. It would seem that in supplying the necessary banking machinery the indifference has vanished.

A GOOD TIME FOR SAVING

WHILE Europe is busily engaged in destroying capital, and thus diminishing the supply available for investment, it is pointed out by the "Journal of Commerce and Commercial Bulletin" of New York that this is an exceptionally good time for the people of the United States to save money. It goes on to say:

"One does not realize without giving thoughtful consideration to the matter how much a moderate saving would amount to in a year's time with a people like those of the United States. There are now approximately 100,000,000 of them. Take that as a convenient round number. It is usually calculated that one in five of them, or 20,000,000, are males of mature years, and many somewhat under maturity, as well as some females, are capable of earning and saving more or less. Let us assume that one-half of the full number are so poor and incapable of earning more than they need for their continual wants in decent living, or are so given to waste that nothing is to be expected of them in the way of contributing to the capital of the country. Of the rest, suppose one-half could without the sacrifice of anything necessary to comfort save on the average \$100 a year. That would mean an accumulation of \$500,000,000. The other half, we will say, are well-to-do, many of them rich and accustomed to be lavish in their expenditure on things which contribute little or nothing to either necessity or comfort or even rational amusement. Would it be too much to estimate that, taking them 'by and large,' those of moderate means and those of great wealth, they could 'put by' \$1,000 a year on the average. That

would look pretty big in the aggregate and we will cut it down one-half. That would leave \$2,500,000,000, or adding that of the small savers, three billion dollars in all.

"That is a pretty tidy sum to be going into useful investment in the course of a year, and nobody suffering in consequence. In fact, everybody would be better occupied during the process and acquiring better habits of both industry and thrift, and a great deal could be done with the capital saved. Through savings banks and financial institutions it would make its way into productive enterprises, strengthen the means of extracting wealth from the earth and transforming it to the many uses for supplying human wants and meeting future needs. During the stimulated process of production, distribution and interchange, the cost of living would be kept down and the means of living increased while this transferable capital was supplying the place of that destroyed or wasted by war. When the conflict was over and the process of reconstruction was begun the people of the United States would be in a position to take an important part in it and reap a goodly share of the fruits.

"They would have their own domestic interests in pretty good shape and could perhaps supply considerable capital to those abroad who would have so much rebuilding and restoring to do. At all events, they would have what they have been owing abroad greatly reduced if not all paid off, so as not to be continually sending a goodly part of their earnings to pay debts or interest on foreign capital invested here. They might get the balance on their own side and receive income from abroad while contributing to the prosperity of all the nations. It would also strengthen their position as a power for peace in the world, and lessen the need for armaments which cost much and earn nothing. Besides, they would become impressed with the value for all good purposes of efficiency and economy, which are the chief sources of national strength."

The individual and the nation are benefited at all times by careful saving, and especially when others are bent on spending and destroying as much as possible, the savers will have the whip hand. By urging our own people to save we do not seek to profit by others' misfortunes. On the contrary, by following this policy our people will be the better able to supply the capital they have heretofore obtained from European countries, to pay back the debts we owe across the water, and possibly to extend some help in restoring the shattered finances and industries of the warring nations.

THE "MONEY TRUST" AND THE FEDERAL RESERVE BANKS

COMMENTING on the Federal Reserve Act in the December number of this MAGAZINE (p. 611) it was said:

"The student of American banking history, having seen what has happened in the past through combining political and banking power, awaits with interest the inevitable hour when the Federal Reserve Act will encounter the same difficulty. One day some Administration—it may be Democratic or Republican—will get badly mutilated in this politico-financial machine."

We confess, however, that in writing thus it was not foreseen that trouble would arise so soon. The powers of divination do not belong to this publication. In what was quoted above, the object was not to prophesy, but merely to apply to this problem a slight historical perspective. We have lived on an intellectual banking and financial diet almost from a time whence the mind of man runneth not to the contrary, and out of this course of light reading have gained the knowledge that some slight prejudice exists in this country against the mingling of banking and politics. Our advice to Congress has been that it is unwise to seek to combine these incompatibles; but Congress did not heed this good and friendly counsel and mixed politics and banking in about equal proportions, shook the mixture up and duly labelled it "Federal Reserve Act."

As stated in the foregoing quotation, time was bound to reveal the unwisdom of this action. An evidence of the correctness of this statement appears in a resolution introduced in the House of Representatives, January 6, by Representative Lindbergh of Minnesota. This resolution asked:

"That a special committee of five members of the House be appointed by the Speaker to inquire into the influences that have been exercised by the money trust in the organization of the Federal Reserve Banks, and the extent, so far as practical, of the control the money trust exercises in the same, and to report to the House as soon as possible."

It would, of course, be possible to attach altogether too much importance to this resolution. The animus of it appears to lie in

the belief that the control of the new Federal Reserve Banks has fallen into the hands of the "money trust."

But if one analyzes the basis of this belief it will be found to consist in the fact that the leading bankers of the United States have become prominent in the direction of the new banks. That they control them is probably not correct, for the control of the Federal Reserve Banks does not, in the last analysis, lie in the hands of their stockholders or local directors, but is vested in the Federal Reserve Board at Washington, whose members are appointed by the President.

If one really believed in the "money trust," whose destruction was sought by the Federal Reserve Act, the directors and officers of the Federal Reserve Banks have such affiliations as would warrant the inference that one gains in reading Mr. Lindbergh's resolution. The argument runs something like this: If there was a money trust it was composed of the country's principal bankers; the officers and directors of the Federal Reserve Banks are leading bankers; therefore, the Federal Reserve Banks constitute a money trust. But this line of reasoning rests on the false premise of an existing money trust at the time the Federal Reserve Act was passed.

The present difficulty seems to have started in Chicago with the appointment of Mr. George M. Reynolds and Mr. James B. Forgan as directors of the Federal Reserve Bank of Chicago. It is charged that Mr. Forgan, although president of a bank of large size, became the candidate of Group 2, supposed to represent the smaller banks. There are allegations that a United States Senator wanted more of those of his political faith to have jobs with the Federal Reserve Bank of Chicago. On the other side, there are hints that these two leading directors have been partial, in the appointments, to those closely associated with them and have at least shown some lack of tact in other ways.

It is perhaps unnecessary to say that in the organization of an institution like the Federal Reserve Bank of Chicago Mr. Forgan and Mr. Reynolds would be the very first men to be thought of as directors by any one conversant with banking conditions in the Middle West, for these two gentlemen are not only two of the most representative bankers in that section but of the whole country.

The whole investigation, if undertaken at all, may turn out to

be a tempest in a teapot. But it is regrettable that the Federal Reserve Act contains possibilities of keeping the banking interests of the country in constant turmoil through investigations arising from this combination of banking and politics. This appears to us one of the greatest defects of the measure, and what in time may prove a fatal one. On this point the New York "Sun," in its issue of January 7, pertinently said:

"One of the handicaps under which the Federal Reserve system must labor is its liability to continual interference by Congress at the instigation of political prejudice and ignorance. Nevertheless, it might have been supposed that the new banks would be allowed to get a fair start before Congress began to throw wrenches into the machinery."

RETURN OF MORE NORMAL TRADE CONDITIONS

GRADUALLY business is recovering from the shock it received at the close of July when the European war cloud burst. One of the most significant events is the simultaneous announcement in Washington and London of the restoration of exchange rates between the United States and the United Kingdom to a normal basis. The announcement in this country, made by Governor Hamlin of the Federal Reserve Board on behalf of the Secretary of the Treasury in the latter's absence from Washington, was in the following form, and under date of January 7:

"The Secretary of the Treasury announced to-day that, in view of the fact that exchange between the United States and the United Kingdom has become practically normal, it is no longer necessary for the two governments to exercise their good offices in connection therewith, and that any further consideration of the question should be left to the banks and bankers of the respective countries."

At the beginning of the war it was estimated that the United States owed to Great Britain on open account between \$200,000,000 and \$250,000,000 as a result of the unfavorable trade balance which had been accumulating in spite of heavy gold exports. Ordinarily this debt would have been carried by the London banks for a few months in anticipation of the receipt of cotton and grain, which would have created credits to offset this country's obligations.

With the moratorium in effect in England, and the necessity of raising large sums for military purposes, the London banks showed a disposition to insist upon prompt settlement of this balance in gold. At the suggestion of the Treasury Department, Sir George Paish, editor of "The Statist," special adviser to the Chancellor of the Exchequer, and Basil B. Blackett were sent to this country to confer with Government officials and bankers.

This visit resulted in a tentative plan under which London bankers were to establish a short-term credit of \$100,000,000 in this country's favor, against which drafts could be drawn in settlement of pressing obligations. Sir George Paish cabled an outline of this proposal to his Government and was awaiting a reply when he was summoned home. Even at that time the balance of trade had begun to turn so strongly in this country's favor that it seemed unlikely that it would be necessary to adopt the plan.

Owing to a renewal of cotton and grain exports, the decline in imports, the lessened demand for remittances abroad on account of American tourists' expenditures, and because the pressure to sell our securities here for London account has diminished, foreign exchange between this country and Great Britain has declined to about the normal basis, and in the first week in January reached a point which ordinarily would have spelled gold imports; but there are, of course, some special factors operating to prevent a movement of gold to this side.

This development removes one of the serious obstacles to the gradual resumption of general prosperity in this country. So long as there was a fear that heavy and sudden demands would be made on our gold stock the banks felt constrained for their own safety and that of the banking and business situation at large to husband their resources with unusual care. It would be going too far to say that the apprehension from this source has been wholly and permanently relieved, for it has not. The European war might take a sudden turn whereby matters would be immediately brought to a crucial point for some of the principal combatants, and this might again excite fears of a financial crisis. And the possibility of a long-drawn conflict, involving a continual destruction of capital for two or three years, remains a disquieting element in the situation as it relates to the future.

While it would not be the part of prudence to ignore these

factors, it will serve no good purpose to magnify them. They may never materialize; or if they do, it may be that their effects will have greatly lost their destructiveness by the time they must be met.

What is encouraging now is to note that one by one the serious commercial and financial problems that have arisen since the beginning of the war have gradually been straightened out, until few or none of them remain.

We went through the first shock with no bank failures—in itself a fact of tremendous significance.

The cotton situation has been cared for.

We are in a fair way towards providing adequate shipping facilities for our over-sea trade.

Foreign commerce has shown a steady revival.

The banks have provided the funds for the new Federal Reserve Banking System, which has been successfully launched.

Finally, the foreign exchange situation between Great Britain and the United States, for some time a matter of grave concern, has at last settled itself in the ordinary course of trade.

All these things give solid ground for the belief that financial and business conditions are greatly improved, and warrant the hope of a steady return of prosperity.

WRITING OFF SHRINKAGES IN VALUES

ONE of the unpleasant duties confronting bank directors in times like these is the writing off of losses occasioned by the shrinkage in values of even the highest class of securities. From a devastation like that which the world is now going through, nothing escapes. Government bonds, State stocks, municipal securities, industrials—all down the line there has been a fall. Banks naturally, in making investments, seek the highest grade of securities. This is the safe course, certainly. And yet it is true that some of the securities commonly regarded as of the best type are precisely those which have declined in value most seriously. The heavy writings-off by the British banks on account of the decline in consols is the most familiar example of this. But in the United States many banks have had a like experience, though perhaps less

serious on the whole. They exercised all reasonable, in fact all possible, prudence in carefully selecting their investments, but owing to conditions and influences impossible to foresee, considerable losses have been sustained.

Already some of the banks have promptly met this situation by making reductions in undivided profits or surplus.

This course, in promptly admitting losses and providing for them, should by no means impair the confidence of the public in a bank that has had to write down its investments. On the contrary, it is an indication that the bank has had the courage to face the situation squarely, and to meet it.

No one familiar with the present world-wide depression could possibly believe for a moment that such an experience would not seriously affect the values of securities, and that the banks, in common with others, must have some losses. The banks have been quietly house-cleaning for a long time, and it is not probable that they have on hand many securities that are not desirable. Fortunately, most of the banks have ample funds in their undivided profits and surplus accounts to take care of the depreciation in the value of securities which has naturally resulted from the present era of depression.



IT is a cruel mortification, in searching for what is instructive in the history of past times, to find that the exploits of conquerors who have desolated the earth, and the freaks of tyrants who have rendered nations unhappy, are recorded with minute and often disgusting accuracy, while the discovery of useful arts, and the progress of the most beneficial branches of commerce, are passed over in silence, and suffered to sink into oblivion.—

ROBERTSON'S "HISTORICAL DISQUISITION ON INDIA."

Savings Bank Insurance

By ALICE H. GRADY, Financial Secretary Massachusetts Savings Insurance League

IN December, 1906, THE BANKERS MAGAZINE published an article by Mr. Louis D. Brandeis, calling attention to the extravagant cost of life insurance to wage-earning men and women and recommending a remedy by way of insurance through the savings banks.

In the August (1908) number of THE BANKERS MAGAZINE there appeared another article from the pen of Mr. Brandeis, describing the machinery of the law just then being put into practical operation, under which any savings bank in Massachusetts is permitted to establish an insurance department under proper safeguards.

With the announcement of dividends to policyholders recently made, a new impetus has been given to the movement, and I am hoping that you will care to have a brief statement of the progress that has been made in the development of this co-operative plan.

The Whitman Savings Bank, which was the first bank in Massachusetts to open an insurance department, has just announced a dividend scale apportioning to policies which reach their seventh anniversary during the current year "regular" and "extra" dividends which aggregate an amount equal to 87½ per cent. of a year's premiums. To illustrate:

John Smith, then fifty years of age, who took out a \$200 policy in the Whitman Savings Bank in June, 1908, has been paying premiums at the rate of ninety-six cents a month, or \$11.52 a year.

At the end of the seventh year the Whitman Savings Bank, having reached that point in its experience where under Section 21 of the Savings Bank Insurance law (of which I enclose a copy), all the "net profits" must go back to the policyholders, will pay to John Smith, in addition to a "regular" dividend equalling twenty-five per cent. of a year's premiums, also an "extra" dividend equalling 62½ per cent. of a year's premiums. So that on the seventh anniversary of his policy, in June, 1915, he will receive checks aggregating \$10.08—thus reducing the net cost of his insurance in the seventh year to only \$1.44!

Of course, we have no assurance that there will be such large extra dividends next year, or the next, but it is undoubtedly true that the returns to policyholders must be very large, because under the law all the net profits must be distributed to them. In this year of industrial depression, when men and women out of work are seeking to realize pitifully small sums on anything capable of being converted into cash, it

At the end of the first year he received a dividend equalling one month's premium, or.....	\$0.96
At the end of the second year he received a dividend of.....	1.44
At the end of the third year he received a dividend of.....	1.60
At the end of the fourth year he received a dividend of.....	1.92
At the end of the fifth year he received a dividend of.....	2.30
At the end of the sixth year he received a dividend of.....	2.58

The aggregate premiums received in all four insurance banks during the six years' experience have been	\$527,407.29
The total amount paid in death claims.....	\$34,658.86
Total amount already paid to policyholders as dividends	35,076.12
Amount apportioned to be paid as dividends during the current year	27,439.61
Total amount paid to policyholders on policies surrendered for cash.....	33,162.48
Total reserve on policies in force.....	321,562.00
Total surplus of the insurance departments of the four banks	44,112.53
The general insurance guaranty fund now amounts to..	21,625.33

is particularly gratifying that our experiment station in life insurance should be able at this time—standing squarely on its own experience—to make so emphatic a demonstration of its ability to furnish safe life insurance at a net rate which makes the cost of this one item of necessary expense cheaper than even our most ardent supporters had dared to hope for.

The "extra" dividend is shared by all policies in force, but in varying percentages. That is, a policy reaching its sixth anniversary during the coming year will receive an "extra" dividend equalling forty-five per cent. of a year's premiums, in addition to the "regular" dividend of $22\frac{1}{2}$ per cent. Those policies which reach their fifth anniversary during the coming year will receive an "extra" dividend equalling thirty per cent. of a year's premiums, in addition to a "regular" dividend of twenty per cent., and so on.

In the hope that you may be interested to see it, I am enclosing a sheet issued by the Whitman Savings Bank showing the scale of dividends on all monthly premium policies, and also on the policies which are issued on the annual premium plan in units of \$500 only.

The People's Savings Bank of Brockton, which was the second bank to open an insurance department, is also announcing an extra dividend to all policyholders, it too having reached the point in its experience where all profits must be returned to the policyholders. In the case of this bank the amount so available for distribution is not so large as that in the Whitman Bank. Policies

reaching their sixth anniversary during the coming year will receive, in addition to a regular dividend of $22\frac{1}{2}$ per cent. of a year's premiums, also an extra dividend of $22\frac{1}{2}$ per cent. Policies reaching their fifth anniversary will receive in addition to a regular dividend of twenty per cent. also an extra dividend of fifteen per cent., etc.

I am enclosing, also, the dividend statement published by the People's Savings Bank.

The Berkshire County Savings Bank of Pittsfield and the City Savings Bank of Pittsfield are announcing "regular" dividends to their policyholders on the same scale as the two older insurance banks.

Twenty-three other savings banks and six trust companies have established public agencies for the four insuring banks, besides the more than two hundred agencies which have been established by employers for the benefit of their employees who pay their premiums automatically through their pay envelopes.

Although in any one bank the limit of insurance is \$500 on any one life, nevertheless the same person may carry this limit of insurance in each of the four banks, so that many of our policyholders are now insured to the amount of \$2,000.

You will recall that this last amount is (under Section 18 of the Savings Bank Insurance Law) made up of four per cent. of all premiums paid to the banks, and is under the supervision and control of an unpaid board of seven trustees appointed by the Governor. Its object is to serve as an extra safe-

guard to all policyholders in case of unexpected loss.

It should be borne in mind that the saving made by those persons who actually participate in the savings bank insurance plan, large as it is, is nevertheless only a small part of the accomplishment of our Massachusetts system. Since the movement to establish this system in Massachusetts was inaugurated the private companies with which it competes were induced to make reductions in premiums which have resulted in saving the wage-earners of the United States at least twenty million dollars a year. The savings to the working people in Massachusetts have amounted to two million dollars annually.

Although the State makes a contribution out of the general treasury to pay for the work necessary to be done through the offices of the State Medical Director and the State Actuary, the sum appropriated is not sufficient to pay for the educational work necessary to acquaint the people with the advantages of the system.

So this educational work is undertaken by the Massachusetts Savings Insurance League, a voluntary organization whose treasury is supported by private funds.

It employs a small corps of instructors and a field secretary. It is the business of these men to see that every man, woman and child in Massachusetts shall have an opportunity to know about savings bank life insurance.

Together we have worked to bring a knowledge of the system to the people, not only in factories and workshops, but to men and women in their clubs, in the churches, in the schools and colleges—wherever a group of people could be found gathered together for serious thought, there we have sought entrance to preach the gospel of a sane and safe form of cheap insurance.

Ever since the first dividend of 8 1/3 per cent. was announced, just five years ago, the plan has grown in the confidence of the community.

Each succeeding year has shown an increase in premium income, an increase in the dividend to policyholders, an increase in the surplus at the banks, an increase in the amount of the general insurance guaranty fund, and an increase in the number of policies outstanding, so that to-day we have a small army of 9,500 policyholders, representing more than \$3,600,00 insurance in force.



ON the chance that you have not already had your particular attention called to it, I quote from Governor Walsh's inaugural message of January 7th, in part as follows:

Savings Bank Life Insurance.

* * * * *

This is a matter of great and far-reaching significance to our wage-earning population, and I urge upon every employer of labor the importance of bringing to his employees a knowledge of the opportunities offered under this Massachusetts plan. Therefore, I recommend an increase in the amount of the appropriation for the savings bank insurance department, in order that a thorough and systematic campaign of education shall be entered upon under the supervision of the trustees of the general insurance guaranty fund, to the end that the benefits of the system shall be extended to every man, woman and child in the Commonwealth.

Hundreds of thousands of our people do not know of the existence of this splendid institution. We ought to advertise its existence and its advantages, that none may be denied the privilege of enjoying it through ignorance of its existence. A Government does not do its duty by merely enacting beneficial laws—it must see that the knowledge of these laws is brought home to its people.

I further recommend the enactment of legislation permitting each savings and insurance bank to issue policies of insurance in any amount up to but not exceeding \$1,000 on any one life.

Mercantile Credit

By W. H. KNIFFIN, JR.

IN its economic sense mercantile credit is the power to secure goods for the purpose of exchange in return for a valuable consideration promised in the future. It is a sale of goods on time.*

In a previous chapter we have discussed productive credit and consumptive credit; and while personal credit is largely consumptive credit, mercantile credit is quite altogether trading credit—carrying credit.

Commercial credit in conjunction with personal credit is like the piers of the Brooklyn Bridge—they carry the load. It must be sound, or the credit system collapses. Weakness in the credit methods of the retailer or the jobber carries weakness to all above him. Take the case of cotton today. The farmer having pledged his crop to feed his hands and grow his crop, has expected to pay the merchant when he sold his cotton. He cannot sell. The merchant, not receiving his money, cannot pay his jobber. The jobber cannot pay the manufacturer, and he cannot pay his bank. And so, one is dependent upon the other, as current history demonstrates, and strength for one is strength for all; and weakness in one spells weakness for all.

BENEFITS OF COMMERCIAL CREDIT.

The benefits of commercial credit are so well understood that the primary benefit only needs to be mentioned to suggest others, that is, the enhanced profit that follows the use of credit. For instance: A merchant has a capital

of \$10,000 and borrows \$40,000. Suppose he makes a gross profit of 10 per cent. on the capital employed, and has therefore \$5,000 as the result of his trading. He pays 5 per cent. on his borrowed capital, which reduces the profit to \$2,500. But if he had not borrowed, and used only his own capital at the same rate, he would have netted but \$1,000; therefore by using the credit that rested upon his original capital reinforced by his ability and integrity, he has made \$1,500 as a reward for knowing how to employ banking credit.

BANK CREDIT RESTS UPON MERCANTILE CREDIT.

The credit with which a bank deals consists in issuing bank notes, redeeming checks and certifications, meeting its acceptances and lending money. Its credit operations, however, would be largely impossible were it not for mercantile credit. The functions of note issue and deposit exist because of business dealings; and if there were no business debts settled by negotiable paper the function of discount could not obtain. It is the function of the bank to carry the debts that business creates; and as these debts are sound, the banking operations based thereon are sound. This is the reason the Federal Reserve Board has been so particular that the bills offered for discount shall arise out of mercantile dealings—productive and consumptive processes, and not speculative. The basic principle laid down in their definition of November 11, 1914, was that the debt shall be self-liquidating, of short duration, to cover the time lapsing between one process

* Hagerty, "Mercantile Credit."

and another, the longer time paper necessary for agricultural and stock-raising purposes being limited to twenty-five per cent. of the capital of the Reserve Bank paid in.

The power to create credit in banking rests to a considerable extent upon mercantile credit. The merchant takes a note to the bank, and gets it discounted. He does not want gold, or bank credit in the form of bank notes, but a credit on its books. The banker therefore places the amount to his credit and permits him to draw checks against it. On the asset side of the statement the banker has the obligation of the maker of the note, reinforced by the indorsement of the one discounting; and as a liability he has the debt created by the above credit. On the soundness of the asset depends the soundness of the liability; for the banker's chance of receiving back the funds he disburses in paying the checks depends upon the goodness of the instrument in his leather portfolio.

BANK CREDIT SHOULD FACILITATE EXCHANGES.

Theoretically, no advance of bank credit should be made in any form except to facilitate a socially productive exchange of wealth, the final payment for which is temporarily deferred. Bank credit is a medium of exchange whose existence is made possible by the assumption on the part of the bank of a corresponding liability to pay cash on demand. The nature of this liability precludes the use of bank credit for any but short periods of deferred payments and for any purposes except bona fide exchange transactions. It bridges the gap between the surrender of capital and the receipt of payment for it. Its purpose is to anticipate a credit already established rather than to create one anew.

Loans made simply to enable an owner of commodities to hold them for a rise do not grow out of exchange transactions. An additional medium of exchange is needed only when there are

additional exchanges, and the holding of goods back from exchange reduces and does not add to the number of such exchanges. However profitable speculative and similar loans may be to those immediately concerned, they are not a safe basis for advances by note-issuing or reserve-holding banks.*



CHANNELS OF MERCANTILE CREDIT.

THE channels of mercantile credit are four: (a) Financing the raw material. The production of raw goods on the farm is carried on largely through private capital or personal credit, there being no goods to pledge except those in expectancy. The crop-lien system of the South is illustrative of this. The farmer having no funds to plant and fertilize his crop, secures credit by pledging his expected crop to the banker, or most likely to the merchant, who advances the fertilizer, the food for the hands, and the implements, taking as security a mortgage on the crop. The wheat farmer may borrow on his note at the bank, with or without security, or likewise obtain credit at the merchant's; but the crop lien is peculiar to the South. The cattle-raiser may obtain a chattel loan with his cattle as security, and so on down the list, the producer pledging the thing he expects to raise, is raising, or hopes to raise, most frequently to a bank, as security for his advances.

From the producer the goods go to (b) the manufacturer, who turns them into finished products. But this is to a large extent (on the producer's end) a cash transaction, the bank making the advance on the goods when shipped. Raw material, wool, cotton, wheat, etc., moves on bills of exchange with bills of lading attached. These are sold to banks, one after another, until the goods reach the manufacturer, who, not having capital enough to carry the raw articles, pledges them to a bank, takes

* Eugene E. Agger, Columbia University, in "Journal of Political Economy."

them out of warehouse as needs require, and pays for the same from the sales of finished products.

(c) Next come the wholesalers, jobbers and middlemen, who find the retailer. These finance their transactions either by giving the manufacturer their notes, or by borrowing in the market and paying cash. The banks still carry the debt by buying the receivables, single-name paper, or by loans direct to the dealer.

(d) The retailers now come in to dispose of the goods to the final consumers, and herein comes largely the book account credit. Of course, this form of credit exists in many of the other processes, but in retailing especially. These accounts are frequently pledged to banks; single-name paper is sold largely on the strength thereof, so that the bank in the end carries the credit operation, and this is its proper function.

But in all these processes, the factor of commercial credit runs. If the mercantile credit is sound, the banking credit will be sound; and unsoundness in the one works havoc with the other. And in the line of descent, each factor has the means of ascertaining with considerable nicety the quality of the credit, except the retailer, and upon him rests the greatest risk.

The tendency of the times is to eliminate the middleman, and sell from mill to retailer and cut out the additional profits that must be added to selling prices as more handling becomes necessary. For every process there must be a profit. If the manufacturer sells to the jobber in the large city, and he to the jobber in the small city, and he to the merchant, and he to the consumer, there must be the cost of many handlings and a profit for the capital that is necessary in the various transactions, together with remuneration for the proprietor.

BUYING AND SELLING WITHOUT CASH.

Whatever the financial process, the bank intervenes and buys the credit in-

strument. It is possible to carry a cargo of cotton from planting to consumption by the use of mercantile credit reinforced by banking capital to buy the instruments. To illustrate: the cotton planter in the South has no money. He goes to the bank and gives his note, secured by a crop in expectancy. He might, as many now do, and as has been the custom in the past quite largely, go to the village storekeeper and get his seed and his plow and his groceries for the hands and himself while the crop is maturing, turning in his cotton when harvested to pay his debt and carry him until planting time comes again; but in the end the bank will carry the burden, for the merchant will borrow of the bank to buy the goods that feed the farmer. The crop matures. It is gathered, ginned, baled and shipped, and the loan to the bank or merchant is cancelled.

The goods are sold to the farmers on thirty days' book credit. When the farmers pay their debts, they will draw checks on the bank to the order of the merchant, which the merchant will deposit to his account, and when his note is due, the New York bank which discounted the note will send it home for payment, and it will be charged to his account, and paid by New York draft against the balance of the Texas bank. From start to finish therefore, the banking machinery here crudely outlined will have carried the debts as they passed from one stage to another.

Out of these operations in mercantile credit arise the instruments of banking credit, promissory notes, bills of exchange, drafts and book accounts. The mercantile world furnishes the transaction and the instrument; the banking world the cash for the foundation and the machinery for the credit operations. The evidence of one debt is the foundation for another. Thus the note of the merchant discounted by a bank affords the basis of the credit to the discount-er's account, against which he checks; and is soon to afford the foundation for the issue of our currency, for by the Federal Reserve Act, Federal Reserve

notes may be issued secured by paper eligible for rediscount, the Federal Reserve Bank carrying a reserve of forty per cent. in gold and 100 per cent. in commercial paper against notes so issued. The debt of one country to another, of the bank to the depositors, and the bank to the public in general, rests in the last analysis upon the credit instrument which arises from the transaction between two dealers. Prendergast in "Credit and Its Uses" well says: "Commercial credit merges itself into banking credit by purely natural processes, which in turn assume the control of the commercial market in a universal sense."



CHANGING CONDITIONS IN MERCANTILE CREDIT.

THE changing conditions in mercantile credit are the outcome of the Civil War. Prior to that time the merchants bought on long-time credit, giving their notes. But the uncertainties of the value of the greenbacks led merchants to offer cash discounts for prompt payment, and in order to take these discounts, which are often liberal and highly profitable, the merchant now sells his paper through brokers and pays cash within the discount period. Thus we have the cash discount system and the single-name paper. The longest terms known to the writer on open account are in the textiles, where discounts are allowed as long as four months from date of invoice, and this frequently dated ahead.

The buyer no longer takes his semi-annual trips to market, being visited by travelling salesmen weekly, monthly or seasonally. Although, where it is a matter of style, buyers to a large extent still make their periodical trips to the large city to see the assortments. The mercantile agency has made it no longer necessary that the buyer and seller know each other personally. Some large houses sell by catalogue only and the personal equation never exists.

Moreover, the cold analysis of the credit department, now a part of all large concerns, makes personal contact unnecessary to determine the risk, as important as personal contact may be.



MERCANTILE CREDIT TERMS.

THE terms of mercantile credit should be on an economic basis. They should not be longer than is needed to turn the goods into the next process. The buyer should pay for his goods as soon as he has sold them; for in selling, an instrument will arise that can be turned into money to liquidate the first debt. As wholesale groceries can be turned in from one to two months they should be paid for within that time and the credit term be no longer. The farmer needs longer time to turn soil chemicals into wheat and six months might not be too long for him. Retail groceries may be turned two or three times a month, and meats two or three times a week, and therefore short credit arises; while dry goods would take longer, being less perishable but slower in selling, and subject to fashions. The cash discount is so firmly established that it is now a fixed policy, and this makes the credit term, as a rule, short. Banking credit is longer, has no premium on promptness, but a penalty on laxness.

INSTRUMENTS OF CREDIT IN MERCANTILE TRANSACTIONS

The credit instruments used in mercantile dealings are: (a) Book accounts. It may seem superfluous to describe the book account as a credit instrument, but analyzed it simply means that the seller delivers the goods, charges the buyer on his ledger, renders invoice and statement, with terms of sale, collects at the end of the credit term, payment probably being made by check, and the transaction is closed. No circulating credit has arisen; and until recent years no pledgeable security came out of the

operation;—it was strictly between the two. But the seller can now avail himself of the proceeds of the sale by hypothecating the book account as hereafter described. If a bill of exchange or a negotiable note had been given for the debt, the seller could have immediately availed himself of the credit thus created by selling this right to a future payment to a bank.

The book account has no evidence on the part of the buyer that he agrees to the terms of the sale, except the ac-

count stated, which is passive and not positive assent. In a negotiable instrument, however, the maker consents to the time, the amount of the credit, and agrees to pay it. The dishonor of a book credit is not so serious a matter as the dishonor of a promissory note. If the book account be paid a few days after its due date, it is quite satisfactory, and the cash discount often allowed; but to allow a note to run over even a day is to invite protest, and protest means discredit.

The War and Modern Business

From "THE ECONOMIST" London

WE are publishing this week a supplement for the purpose of displaying in a comprehensive way the effects of this titanic conflict in all quarters of the globe. The arts of production and destruction have grown and flourished side by side for many years past. It was assumed that they could be reconciled, and perpetual peace was said to be ensured by perpetually increasing armaments. Moreover, while national jealousies and rivalries have been skilfully encouraged by the armament press, the profits of war preparations have been shared and enhanced by cosmopolitan agreements between the great armament firms and their bankers. Until the bloodiest storm in history burst at the end of July it was hardly possible to tell where Krupp began or Creusot ended. War loans were inextricably mingled with peace loans, and dead weight debt with full capital issues. Whether to destroy or to construct, whether to build canals or forts, ocean liners or battleships, the whole world of business and finance seemed to have centred itself in Lon-

don, Paris, and Berlin. The financial houses were almost of necessity Anglo-German, Anglo-French, and Anglo-American; directorships were interlaced, branches or agents existed in nearly all the cities of the old world and of the new. Monster companies and corporations welcomed shareholders of all nationalities, with very little regard for the diplomatic alliances, known or secret, which threatened the peace of the world. The bill on London provided a world currency, and the city was a perfect cosmopolis of credit and commerce. It was a truism six months ago to say that nationality was no obstacle to business arrangements. Inside the high protective barriers of Russia Englishmen and Germans built factories in rivalry or collaboration. British companies worked in Germany, German companies in Great Britain. French and German bankers competed in Russia and Turkey. British armament firms were assisting the Turkish Navy, while German officers reorganized the Turkish Army at the very moment when war broke out.

Trade, indeed, naturally follows the price-list, and only bows to the flag where taxes, or prohibitions, or bounties divert it from its most profitable channels. Apart from Government action, science and art, production and distribution know no boundaries. Last summer posts, telegraphs, steamers and railways had given a mechanical unity to the world. The merchant or the traveller in London or New York could telegraph money or messages in a moment to any part of the globe. He could take a ticket and start almost any day to almost any place. Year after year, with temporary and local interruptions, this mechanical process had been going forward. Year after year new tracts had been subjugated, and added to the area of what we call civilization—incorporated, so to speak, into the sanitary district of drains, roads, railways, hotels, and all the other supposed necessities of modern life. All this came to an end on a sudden. A single shock seemed to submerge our artificial world as Herculaneum and Pompeii were buried by the eruption of Vesuvius. Stock Exchanges and money markets closed everywhere almost simultaneously. Thus the Stock Exchanges or Bourses of Madrid and Toronto closed on July 28; those of Berlin, Vienna, Buda-Pesth, Brussels, Antwerp, and Rome on July 29; those of St. Petersburg and Montreal, of Buenos Ayres and other South American cities on July 30; while that of Paris had also practically come to an end. Thus, only the Stock Exchanges of London and New York were left. At 9 a. m. on July 31 the London Stock

Exchange, unable to stem the torrent of liquidation, closed for the first time in its history. The governors of the New York Exchange met together on the same morning and decided to follow suit at 9.45 a. m., fifteen minutes before the hour of opening. At the same time that securities ceased to be salable, currencies ceased to be interchangeable. Wealthy travellers, armed with check-books and letters of credit, were stranded penniless in every country of Europe. Friends and relatives became public enemies, and all the amenities of civilized life were swept away by hurricanes of passion. The murderous machinery was started; nations became armies, and rushed at one another's throats, as if a long-wished-for moment had suddenly arrived. And yet the business men and the working classes are admittedly innocent. The guilt of the war is everywhere traced to a few men—emperors, diplomatists, statesmen, militarists, or "philosophers." It is true that war may be popularized after it has been declared, especially if it can be represented as a war of national defence. And it has taken on itself this guise in the eyes of most simple and pious folk even in Germany and Austria, whose Governments launched the first declarations of war. For the moment peace looks far away. Nineteen centuries after the birth of Christ, Christian nations are exterminating one another faster than ever before in modern or ancient times. * * * Let us hope for a swift disillusionment, a return of common sense, a revival of religion, and a reawakening of the human conscience.



WE are living at an extraordinary moment. The world has never been in the condition that it is in now, my friends. Half the world is on fire. Only America among the great powers of the world is free to govern her own life; and all the world is looking to America to serve its economic need.

WOODROW WILSON.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Drunkard's Contract

THE law is jealous of its contracts. It does not regard promises lightly, nor will it let them be broken without cause. Whether or not a valid and enforceable contract has been created depends upon the conditions attending the transaction. If it has the essential elements of a contract, the courts will enforce it. If not, it is no contract.

There are certain contracts which are absolutely void; others are voidable. A void contract is no contract at all; it is worthless. Such would be the contract of an infant to buy a house—infants can't buy houses; so also a contract to do an unlawful thing.

But some contracts are good until disaffirmed. Thus a drunkard while in a state of intoxication may sign his name to anything, and to hold him would be to hold an insane person to his contracts. The law never assumes to do injustice. But a drunkard might sign away his birthright, and by his acts subsequently affirm the transaction and thereby make it impossible to deny his liability. If he makes a contract while drunk he may deny it; but if he affirms it when sober he must perform. And the election to repudiate must be availed of with reasonable promptness. He is allowed a reasonable time after he understands the nature and effect of the transaction in which to disaffirm it; but if he takes no steps in that direction within reasonable time after he has such knowledge, he is deemed to have ratified his acts. (See *Matz v. Martinson* in this issue.)

Stop Payments

THE law gives the depositor the right to draw checks against his account in the amount to his credit. He can draw as often as he likes. The bank is bound to pay. And the same principle of law which allows him to draw allows him to withdraw the order. He can issue a check and then forbid its payment. And if the notice to stop payment is received before the check is presented the former controls the situation.

In a case in this number (*Knaffl v. Knoxville Banking Co.*) checks were deposited in an insolvent bank and forwarded for collection through the usual channel. Before they reached the place of payment the drawers, at the request of the payee, had payment stopped, the aim being to prevent the proceeds from becoming part of the assets of the insolvent bank. By agreement between the parties, the checks were subsequently collected and the proceeds held to await the outcome of the case, the ruling of which held that the proceeds were trust funds held by the receiver for account of the defrauded depositor.



Stop Payment

TENNESSEE

Rights of Depositor—Insolvency—Set-off

Supreme Court of Tennessee, Nov. 14, 1914.

KNAFFL V. KNOXVILLE BANKING AND TRUST CO. APPEAL OF RAND POWDER CO.

When a depositor has payment stopped on checks deposited by him in an insolvent bank, the stop notice being filed by the makers of the checks, and they had passed to a correspondent bank, and by agreement were collected, saving the rights of the parties, their proceeds are held by the receiver in trust for the defrauded depositor.



GENERAL creditor's proceeding by Joseph Knaff against the Knoxville Banking and Trust Company, wherein the Rand Powder Company intervened. From a decree denying intervenor's claim, intervenor appeals. Affirmed in part, and reversed in part and remanded.



STATEMENT OF FACT AND OPINION

WILLIAMS, J.: The questions for decision in this case arise on the petition of intervention filed by the Rand Powder Company in this, a general creditor's, proceeding, to wind up the affairs of the Knoxville Banking and Trust Company as an insolvent corporation.

The powder company deposited as cash items in the bank on December 12, 1912, three checks of its customers aggregating \$1,505.24. The company had the right to check against its deposit account. On the same day the bank forwarded the three checks to its correspondent bank at Cincinnati, where they were credited in like manner in favor of sending bank on December 13th. On the next day the Knoxville bank closed its doors.

At and before the receipt by it of the three checks, it was hopelessly insolvent, and so known to be by its managing officers; and on December 16th its assets were placed in the hands of a receiver in the general creditor's cause referred to. After the receiver was appointed, the powder company telegraphed the several drawers of the checks in its favor, as payee, requests

to stop payment, with the evident purpose of causing the checks to return from the banks of the drawers through the channel of transmission to the receiver of the bank of original deposit. They were charged against the Knoxville bank by its Cincinnati correspondent and returned to the receiver.

By agreement, saving the right of the parties in interest, the checks were collected, and their proceeds held to await the result of this litigation.

That the reception of the checks on deposit by the Knoxville bank, when it was in a condition of hopeless insolvency known to its managing officers was a transaction rescindable for fraud, and that the depositor may recover the checks, or their proceeds, if not dissipated or so mixed with other funds that they cannot be identified or traced, is so well settled by our cases as not to require citation.

In the pending case there is no difficulty in respect to the tracing of the deposited items; the identical checks came into the hands of the receiver after insolvency; and, nothing else appearing, the receiver took them to hold in trust for the defrauded depositor.

We are not concerned with a consideration of any claims that may have been urged had the Cincinnati bank held the checks and sought to establish right thereto. That bank evidently had no cause to withhold the checks from the Knoxville bank and released and returned them, as has been stated.

It is insisted in behalf of the receiver that, when the checks were received and credited by the Cincinnati bank, the right to follow the same as trust funds was lost to the depositor company, which could not by its own volition and act stop payment of the checks, and thereby render them traceable and recoverable.

We cannot hold with this insistence. The depositor did nothing beyond its legal right. By a well-known rule of law it is required that, in order to relief, one who has been defrauded shall act promptly in disaffirmance and self-pro-

tection, and it was within the privilege of the depositor to save itself harmless by procuring the drawers of the checks to stop payment.

The checks did not operate as assignments of any parts of their drawers' funds in their banks to the credit of the drawers. (Negotiable Instruments Act 1899 [Laws 1899, c. 94], *Akin v. Jones*, 93 Tenn. 353.)

Before payment or certification by their banks the drawers of the checks had a right to countermand payment. (*Pease v. Bank*, 114 Tenn. 693.)

In the case of *First Nat. Bank v. Strauss*, 66 Miss. 479, 6 South. 232, 14 Am. St. Rep. 579, it was, without argumentation, held that such a depositor in an insolvent bank might stop payment and recover.

In *Grant v. Walsh*, 145 N. Y. 502, 40 N. E. 209, 45 Am. St. Rep. 626, it appeared that there was a stopping of payment of a check, deposited in an insolvent bank, by the act of the depositor after it had been passed to a correspondent bank, and it was held that the receiver had no enforceable right to the check as against such depositor.

The chancellor, in decreeing in favor of the receiver on this phase of the case, erred.

Another and distinct claim is advanced in its intervening petition by the Rand Powder Company, based upon the following facts: That company had in the bank a considerable deposit on the date its affairs were placed in the hands of the receiver. The company was at that time endorser on a note executed to it as payee by the King Mountain Coal Company, which note had been discounted in the bank. It is now contended that the King Mountain Coal Company, the primary obligor, is insolvent, and that this fact entitled the powder company to have set off against the note an equivalent amount of its deposit. However, it appears that, since the closing of the doors of the insolvent bank, the powder company has been furnished coal by the maker company in satisfaction of the

note obligation, as between themselves; and it therefore cannot stand to be loser, by reason of the coal company's insolvency, in event the receiver compels the indorser to pay. When it pays equity, looking at substance, will see that it was the maker who paid through the indorser. The claim to equitable set-off fails where the primary obligor, although insolvent, has indemnified the indorser, secondarily liable. *Knaffle v. Trust Co.*, 128 Tenn. 181, 188. In re *Middle District Bank*, 9 Cow. [N. Y.] 414, note); a fortiori where the indorser has been satisfied.

To sustain the claim to set-off would be to allow a preference to the powder company over other creditors of the failed bank without any basis therefor on equity.

It falls, most obviously, under the rule denying preference to one occupying the status of secondary obligor announced in the recent decision of this court cited above.

The chancellor properly denied that claim. The decree below is affirmed as to that feature, but reversed as to the ruling on the checks. Remand for execution of a decree to be entered here in accord with this opinion.

170 S. W. Rep. 476.



Drunkard's Note

MINNESOTA

Voidable Contracts—Intoxication—Affirmance

Supreme Court of Minnesota, Nov. 6, 1914.

MATZ V. MARTINSON.

A contract entered into by a person in such a state of intoxication that he is unable to comprehend its terms is voidable, but not void. If, after having knowledge of and comprehending its terms he affirms it, it becomes valid and binding. His failure to disaffirm it within a reasonable time after having such knowledge is deemed an election to affirm it.

ACTION by Joseph Matz, doing business as the Joseph Matz Company, against Martin Martinson. From denial of new trial, defendant appeals. Affirmed.



STATEMENT OF FACT AND OPINION

TAYLOR, C.: This is a suit upon a promissory note. The defense interposed is that defendant was so drunk when he signed it that he was incapable of entering into a contract. At the close of the evidence all testimony tending to prove such drunkenness was stricken out on motion of plaintiff. The testimony so stricken out would have supported a finding by the jury that defendant was intoxicated to the extent claimed, and consequently the action of the court in striking it out presents the question as to whether the fact of such intoxication was a defense to the suit.

1. The note together with a chattel mortgage upon some horses was executed on January 10, 1906. Defendant had previously mortgaged the horses to a third party. He subsequently sold them, and apparently applied the proceeds upon the first mortgage. He paid none of such proceeds to plaintiff. Plaintiff made no attempt to enforce his mortgage, and never received anything thereunder. He made several threats to prosecute defendant criminally for selling mortgaged property, but no prosecution was ever instituted. Defendant, at the trial, admitted and testified that he was informed of the note and mortgage and knew that he had executed them on January 11, 1906, the next day after their execution; that the note was given for a prior debt, and that he owed such debt; that after knowing that he had executed the note, he repeatedly promised to pay it; that he made two payments upon it—one of \$50 in September, 1908, and another of \$50 in October, 1908; and that he made no

claim to plaintiff that the note was invalid, because executed while he was intoxicated, until some time in the spring of 1913.

His wife testified that one of the plaintiff's attorneys came to the house at a time when her husband was absent; and that, in response to an inquiry as to whether they could make a payment upon the note, she informed him that they would not pay it as her husband was intoxicated when he signed it. She was unable to fix the date of this conversation with any definiteness, but stated that it occurred some two years before the trial. As the trial took place in December, 1913, this conversation probably occurred some time in 1911. It is not claimed that there was any act repudiating the note prior to this conversation; but defendant contends that this conversation, and the statement which he himself made in the spring of 1913 constituted a disaffirmance of the note and absolved him from any obligation to pay it.

Although a party may repudiate a contract entered into when he was in such a state of intoxication that he could not comprehend its terms, it is well settled that such contract is not void, but voidable only. If, after becoming sober and comprehending its terms, he affirms it, it becomes valid and binding. If he elects to repudiate it, he must give notice thereof with reasonable promptness. He is allowed a reasonable time after he understands the nature and effect of the transaction in which to disaffirm it; but, if he takes no steps to disaffirm it within a reasonable time after he has such knowledge, he is deemed to have ratified it. (*Carpenter v. Rodgers*, 61 Mich. 384; *J. I. Case Threshing Machine Co. v. Meyers*, 78 Neb. 685; *Kelly v. L. & N. R. Co.*, 154 Ala. 573, 45 South, 906; *Strickland v. Parlin & Orendorf Co.*, 118 Ga. 213, *Spoonheim v. Spoonheim*, 14 N. D. 380; *Fowler v. Meadow Brook Water Co.*, 208 Pa. 473.)

The note in controversy was given for a valid debt previously contracted. De-

fendant does not claim any defense to the debt, nor that he was overreached in any manner. He recognized the note as a valid and binding obligation for fully five years, and during that time made numerous promises, both verbally and by letter, that he would pay it. The record shows conclusively that he ratified the execution of the note after having full knowledge of the transaction. Therefore whether he was intoxicated when he signed it became wholly immaterial, and evidence tending to show such fact was properly stricken from the record.

Defendant complains of the manner in which the case was submitted to the jury. He offered no defense except the claim that the note was invalid because signed while he was intoxicated. As already pointed out, his subsequent ratification of the note precluded him from asserting this defense. When the case went to the jury plaintiff's note stood admitted, and there was no evidence tending to show any defense to it whatever. Plaintiff moved the court to direct a verdict in his favor. Defendant objected under chapter 246, Laws of 1913, Gen. St. 1913, sec. 7998. The trial judge endeavored to follow this statute. He denied plaintiff's motion. He called the attention of the jury to the note, and to the defense of intoxication, and gave them two forms of verdict. He told them that the testimony as to intoxication had been stricken out and was not to be considered by them. He further told them to take the note and, if plaintiff was entitled to recover, to return a verdict for the amount thereof, but that he did not direct a verdict for plaintiff.

Defendant contends that withdrawing the evidence as to intoxication from the jury infringed the rights secured to him by the statute. This somewhat unusual statute reads as follows:

"When at the close of the testimony any party to the action moves the court to direct a verdict in his favor, and the adverse party objects thereto, such motion shall be denied and the court shall

submit to the jury such issue or issues, within the pleadings on which any evidence has been taken, as either or any party to the action shall request, but upon a subsequent motion, by such moving party after verdict rendered in such action, that judgment be entered notwithstanding the verdict, the court shall grant the same, if, upon the evidence as it stood at the time such motion to direct a verdict was made the moving party was entitled to such directed verdict." (Section 7998, G. S. 1913.)

It may be noted in passing that defendant made no request for the submission of any issue to the jury, but merely objected to the granting of plaintiff's motion. This statute has no reference to the reception or rejection of evidence, and in no way changes or restricts the power of the court to determine questions arising in respect thereto. The court has precisely the same power to receive, exclude and strike out evidence that it had before the passage of the statute. Evidence offered for the purpose of proving facts which, if established, would not affect the result of the action may properly be excluded or stricken out as immaterial.

The statute contemplates the existence of questions which are for the jury to determine, and which have a bearing upon the result of the action. Such questions may arise either because the facts are in controversy, or because different conclusions may be drawn from undisputed facts. But if there be no such questions, there are no issues for submission to the jury. The court is not debarred from stating to the jury the rules of law which govern the case, and should do so. He performs his full duty under the statute when he states the case to the jury as it actually is, explains the rules of law which apply, and directs them to return such verdict as they may deem proper under the circumstances. Whether the court no longer possesses the power to direct a verdict in any case, if objection be made thereto, is neither involved nor decided herein.

The record in the present case discloses no error affecting any substantial right of defendant, and the order denying a new trial is affirmed.

149 N. W. Rep. 370.



Gifts Causa Mortis

NEW JERSEY

Savings Bank Deposit—Delivery of Pass-Book Essential.

Supreme Court of New Jersey, Nov. 16, 1914.

SPEIFER ET AL. V. BADENHOG.

In the case of a savings bank deposit payable only upon presentation of the deposit book, a valid gift causa mortis cannot be made without actual delivery of the book.



ACTION by Caroline Pfeifer and husband against Christopher Badenhog, individually and as administrator, etc. From a judgment for defendant, plaintiffs appeal. Affirmed.



STATEMENT OF FACT AND OPINION

PARKER, J.: The question whether defendant could be charged in the same suit in both his individual and representative capacity was not raised below. If there had been one claim against defendant individually and another against him as representing an estate, the joinder would have been improper, for reasons given in *Terhune v. Bray*, 16 N. J. Law, 53, and *Maily v. Elliott*, 80 N. J. Law, 70. The same reasoning would apply to a single claim against him in both capacities, as in the case at bar, where the state of demand contains only one count. The probable intent of the pleader, however, was to charge defendant in the alternative; i. e., that if not liable in one capacity, he was liable in

the other. Whether this is within the Practice Act of 1912 (P. L. p. 378), sec. 6, and rule 18 thereunder, in view of the applicability of that act under sec. 68 of the District Court Act (2 Comp. St. 1910, p. 1977), is a point not raised and not decided. Inasmuch as the inclusion of defendants in the alternative almost inevitably raises a controversy between them as to liability inter sese, and the same person cannot figure on one side of a legal controversy in one of these capacities and on the other side in the other capacity (*Ranson v. Geer*, 30 N. J. Eq., 249), we do not wish to be understood as conceding the propriety of this course, especially as we reach a result adverse to the plaintiffs below on either branch of the claim.

The plaintiffs claimed the amount of a savings bank account by virtue of an alleged gift causa mortis. The decedent was their daughter, the wife of the defendant. He administered on her estate, and as administrator drew or holds the savings bank deposit. There was no actual tradition by decedent of the savings bank book, but while ill, and some two weeks before her death, she filled out and signed a printed form of draft furnished by the savings bank and customarily presented with the book when money is drawn. This draft, as so filled out and signed, directs the bank to pay to "my father and mother [or bearer] all my money [dollars on pass book] No. 172959." The bracketed words are in print. At the head of the printed form are the words, "No payment made without the deposit book." The other pertinent facts appear by the following extract from the state of the case on appeal, settled by the trial judge:

"Before signing the paper, Anna Badenhog asked her husband, Christopher Badenhog, the defendant, for her bank book, and her husband replied that her bank book was in his brother Will's safe. The safe belonging to his brother Will was in a house other than the one where the said Anna Badenhog was lying. The intestate then executed

the said paper and told the witness, Lena Link, at the same time, that it was her desire if she should die that her money should go to her father and mother, the plaintiffs in this action. The said paper signed by the intestate and given to Lena Link was not delivered by Lena Link to the plaintiffs in this case until after the death of Anna Badenhog. The account in the Howard Savings Institution belonging to Anna Badenhog was in her maiden name, Anna Pfeifer, and amounted to over \$500."

The district court found that there was donative intent, but no delivery, and judgment was entered for the defendant.

This judgment was right. It is conceded that an unaccepted draft, or uncertified check on a bank will not be a good delivery of a gift causa mortis. Plaintiffs seek, however, to distinguish a savings bank account as being a trust fund and not a debt, which may be conceded. But where the intended subject of gift is not susceptible of manual delivery as, for example, a chose in action, the very least that will answer as a substitute is to deliver the means of enforcement of the chose in action to the intended donee. So the delivery of a bond, or bond and mortgage, would transfer the debt (20 Cyc. 1238), and the delivery of a savings bank book, whose possession, by the rules or custom of such banks, controls the deposit, will pass the right to the deposit (Id. 1239; Skillman v. Wiegand, 53 N. J. Eq. 198, 33 Atl. 929; Dennin v. Hilton [Ch.] 50 Atl. 600; Van Wagenen v. Bonnot, 72 N. J. Eq. 143, 65 Atl. 239; Id., 74 N. J. Eq. 843, 844, 70 Atl. 143, 18 L. R. A. [N. S.] 400). But there was, of course, no delivery of the deposit book in the present case; and we fail to find one decision, nor does counsel point us to any, where such a deposit passed by execution and delivery of a written paper which without the book would not obligate the bank to pay the money. Cases in which the bank book has been lost rest on another principle,

and are not in point. Such a case was Candee v. Bank, 81 Conn. 372, 71 Atl. 551, where also the gift was inter vivos, which is not claimed in this case.

In Dunn v. Houghton (Ch.) 51 Atl. 71, the Court of Chancery held there was no gift causa mortis. In Kingman v. Perkins, 105 Mass. 111, the claimant (an assignee) held the book as well as a draft. In Larrabee v. Hascall, 88 Me. 511, 84 Atl. 408, 51 Am. St. Rep. 440, a gift causa mortis of \$200, part of a savings account, by draft, was upheld where the book showing more money than that amount on deposit was delivered with the draft. The test of a valid delivery in such a case seems to be the transfer of the legal power to control the fund. It is common knowledge that payment of savings bank deposits cannot be enforced without the book, except perhaps in cases of loss or destruction. This appears in the case at bar on the face of the draft itself.

The trial judge therefore properly held that no sufficient delivery was shown; and the judgment will accordingly be affirmed.

92 Atlantic Rep. 273.



Note Given Payment of Rent

U. S. DISTRICT COURT

U. S. District Court, E. D. Pennsylvania,
October 29, '14.

IN RE RAFFO.

A bankrupt executed a note to his landlord for rent which was in arrears and to become due. Held: That the giving of such note constituted payment, so as to deprive the landlord of his right to enforce payment, in the absence of proof that such was the intent of the parties.



STATEMENT OF FACT AND OPINION OF THE COURT

DICKINSON, *District Judge*: The facts necessary to an understanding of the question involved in this

petition are few and may be soon outlined.

David Mann leased premises at the city of Philadelphia, to Raflo, who is now bankrupt, for the term of five years from July 1, 1904. The lease was in writing and contained the usual waiver of exemption. On May 10, 1911, the landlord distrained for the rent in arrears up to May 1st, levy being made upon the personal property of the tenant on the leased premises. On May 11, 1911, the petition in bankruptcy was filed. All the goods upon the premises were sold as a whole. The amount of exemption to which the bankrupt was entitled, and to which he laid claim, was set aside to him upon his giving the usual bond. The required bond in the sum of \$300, with the United States Fidelity & Guaranty Company as surety, was filed. On July 5, 1911, the landlord filed a claim for \$308.63 for rent alleged to be due him.

On October 22, 1913, the referee entered an order requiring the landlord to exhaust the debtor's exemption before preferring a claim against the general fund. On March 23, 1914, the referee, after the allowance of a rule on the bankrupt and his surety on the bond filed, answer thereto, and hearing thereon, entered an order directing that the sum of \$300 be paid by the bankrupt, or by his surety on his default, to the landlord, and that the balance of the landlord's claim be paid out of the general fund. On March 24, 1914, this petition for a review was filed.

To complete the recital of the fact, and to bring out the only question in the case which has been discussed by the referee in his report and by counsel, there should be added a statement that the tenant gave to the landlord a note for \$213, covering the rent then in arrears and rent which it was then within the expectation of the parties would subsequently accrue. The note was made for four months, and included also interest for the deferred payment. The note was not paid. Standing upon

this fact, the bankrupt takes the position that the debt as an indebtedness for rent had been extinguished, and the landlord thereafter was landlord no longer, but a general creditor as a mere note holder. In substance and essentially this is the defense of payment. In substance and effect it is a plea of payment. This is an affirmative plea, which at the trial must be supported by proof. The burden of proof would be upon the pleader. No presumption of fact or law that the giving of a check or note for an existing debt is payment arises out of the mere circumstance of the check or note having been given. Whether payment or not is a question of fact.

This is the view taken by the referee, and in this he is right. He has found the fact against the tenant, and this finding establishes the fact for us, unless there is good reason to disturb the findings. No such reason has been presented to us, nor is any suggested by anything appearing in this record. The referee is therefore sustained in this finding.

This disposes of the only question upon which we have been asked to pass. There is, however, the other question of whether the landlord should be paid out of the exemption of the general fund. This question is raised by the pleadings, but has not been referred to by the referee in this report, nor discussed by counsel. It has not been discussed by the referee because already treated by him in the former order. Counsel for the bankrupt makes a passing reference to it in his brief. It is not mentioned by counsel for the landlord, probably for the reason that the question was not raised at the oral argument. We do not feel called upon to dispose of questions not raised.

If it is intended to be raised, counsel has leave to set the case down for reargument within five days; otherwise, petition dismissed, and report and findings of referee affirmed.

217 Fed. Rep. 313.

which was of value sufficient to have liquidated the note. The defensive matter was denied, and the parties went to trial. The court, over the objection of plaintiff, admitted evidence tending to show that the relations of the parties were as stated in defendants' answer, and there was also evidence tending to show that the value of the automobile was greater than the amount of the note. The court also instructed the jury that if they found plaintiff had given his consent, either actually or by implication, to Vint to dispose of the automobile, and thereby released it from the lien created by the terms of the note, they should offset the value of such security against the amount claimed by plaintiff. There was a verdict and judgment for defendants, and plaintiff appeals.



OPINION OF THE COURT

McBRIDE, C. J.: It seems to have been assumed upon the trial that this case was governed by the Negotiable Instruments Law now in force in this state and in most of the other states of the Union, but such is not the case. The title of the act (Sess. Laws 1899, p. 18) is:

"An act relating to negotiable instruments—being an act to establish a law uniform with the laws of other states on that subject."

This limits the operation of the act to negotiable paper, and as to notes which are not of this character the law remains as it was before its adoption. (Selover. Neg. Ins. sec. 2.)

A note providing, as the note in suit does, that whenever Reynolds or his agents deem the note insecure they shall have power to declare it due, even before maturity, is non-negotiable (3 R. C. L. p. 910; Holliday State Bank v. Hoffman, 85 Kan. 71).

This brings the case within the rule, frequently announced by this court, that an accommodation maker, known to be

such by the payee of the note, is entitled to the rights of a surety, and a release by the holder of a note of a security given by the principal debtor releases the accommodation maker pro tanto. (Hoffman v. Habigorst, 38 Or. 261.) The opinion last cited contains a full citation of authorities upon this subject, and has settled the law in this state. The evidence very strongly tends to show that plaintiff knew that defendant Lamb was an accommodation maker merely, and, this being the case, the court did not err in submitting the matter to the jury.

The judgment is affirmed.

144 Pacific Rep. 526.



Breach of Warranty

IOWA

Sales — Warranties — Waiver — Extension — Counterclaim — Evidence — Defenses

Supreme Court of Iowa, Nov. 28, 1914.

MERCHANTS NATIONAL BANK V. GRIGSBY.

The Negotiable Instruments Act is intended to protect innocent holders of commercial paper, but is not intended to aid in litigation, and does not protect the holder of a note which was negotiated to avoid defenses thereto, of which the holder had notice.



ACTION at law upon a promissory note for \$1,000. The payee of the note was J. Crouch & Son, who indorsed the same to the plaintiff before maturity. The defendant admits the execution of the note, but sets up in defense a breach of warranty and false representations, and failure of consideration, and that the plaintiff is not a good-faith holder in due course. At the close of the evidence there was a directed verdict for the plaintiff. The defendant appeals. Reversed.

STATEMENT OF FACT

THE note in question was given on September 28, 1909, and was one of a series of three notes of \$1,000, each representing the purchase price of an imported stallion sold by the payee to the defendant upon such date. Delivery of the horse was made some time in December, 1909. A written bill of sale was delivered to the purchaser, including a guaranty, as follows:

"We have this day sold the imported Belgian stallion Bon Espoir de Solre No. 4072 (31720) to G. W. Grigsby, of Madrid, Iowa, and we guarantee the said stallion to be a satisfactory sure breeder, provided the said stallion keeps in as sound and healthy condition as he now is and has proper care and exercise. If the said stallion should fail to be satisfactory sure breeder with the above treatment, we agree to take the said stallion back, and the said G. W. Grigsby agrees to accept another imported Belgian stallion of equal value, in his place, the said stallion Bon Espoire de Solre No. 04472 (31720) to be returned to us at La Fayette, Ind., in as sound and healthy condition as he now is by May 1, 1911."

Taking the evidence offered on behalf of the defendants as true, which we must do for the purpose of this appeal, the above warranty was breached, and the horse proved to be worthless. The horse was not a sure foal-getter. Only a very small percentage of his service resulted in foals. On or about July 1, 1910, the defendant discovered that the horse was infected with a disease called in this record "summer sores." This was manifested by the breaking out of certain sores upon various parts of the body at this time. The disease is one which was wholly unknown to the defendant prior to that time.

Veterinary surgeons were called to the treatment of the horse. This disease is a progressive, incurable disease, running a course of a few years. It is made outwardly manifest upon the afflicted horse by the breaking out of sores in the summer time. These in the

early stage may be temporarily cured or dried up during cold weather. During the first summer of such attack, such sores are usually small, and may pass unnoticed by a person unfamiliar with the disease. They increase in virulence with every succeeding summer. Such was the course of the disease alleged in this case. The horse died therefrom on August 24, 1912. From the time defendant received the horse he gradually lost weight, and so continued until his condition was very emaciated. This was consistent with the course of the disease.

The defendant pleaded not only breach of warranty, but false representations, based largely upon the same state of facts, and upon the further fact that the seller knew that the horse in question was not sound and healthy, and was not a good breeder, and yet represented him to be such. The pleas of breach of warranty and false representations are somewhat mixed. Defendant's answer as to the pleas of false representation is quite indefinite. In the absence of attack, we treat it as sufficient. The question submitted for our consideration is that of the sufficiency of the evidence in support of the affirmative defenses. Was there sufficient evidence to go to the jury on the questions: (1) Of breach of warranty. (2) If there was breach of warranty, was the condition of the warranty waived by the seller? (3) Was the horse infected with the disease in its incipient stage at the time of the purchase? (4) Did the plaintiff acquire the note in good faith and in due course?

1. The evidence of breach of warranty as to the failure of the horse as a sure foal-getter is abundant, and we need not recite it. Appellee does not contend otherwise.

The condition of the warranty, however, was never actually performed by the defendant, in this, that he never returned the horse to La Fayette, Ind. His contention is that such return was waived by the conduct of the seller. In

June, 1910, he wrote the following letter to the sellers:

"Madrid, Iowa, June 15, 1910.

"Mr. Crouch & Sons, La Fayette, Ind.—Dear Sir: Since writing you I have had six mares to return. I don't think this horse has settled anything bred to him. Have you got a Belgian horse that you could let me have to finish the season with? I would have to have a good one to fill his place. If I don't get another horse I don't know what I will do. Let me know by wire what you will do. Be sure and let me know what you will do as soon as you receive this. Yours respectfully,

"G. W. GRIGSBY."

The sellers replied to this letter, stating that they were entirely sold out of Belgian horses, but would have some more in the ensuing fall.

In view of this correspondence, it would have been an idle proceeding for the defendant to go through the form of returning his horse to La Fayette and demanding in exchange another Belgian stallion of equal value at that time. His letter was a fair request for an adjustment under the conditions of the guaranty. Crouch & Son had put it out of their power to perform their guaranty for the time being. They were doubtless entitled to reasonable time and opportunity, but the defendant was certainly entitled to go to the jury on the question whether he could reasonably be required to lose the entire season and wait until fall for the exchange. If not, then the sellers must be held to have waived the condition contained in the guaranty, and they thereby rendered their guaranty absolute.

On March 17, 1911, however, the written guaranty was by another writing extended to May 1, 1912. We think the effect of this writing was to extend the condition likewise. The previous waiver of the condition, therefore, is no longer available to defendant, unless the extension was entered into through the fraud of Crouch & Son, as contended by defendant.

It was arranged between the parties at that time that the defendant should give the horse further trial and treatment. In December, 1911, the defendant again visited Crouch & Son and sought an adjustment. They told him at that time that under no consideration would they receive back the horse in his then condition because of the sores upon his body. This refusal was based upon the contention that, under the conditions of the warranty, the horse was to be returned in as "sound and healthy" condition as when received. This is a pivotal point in the defense. The defendant could not require Crouch & Son, under the conditions of the warranty, to take back the horse in his diseased condition, unless such disease was already upon him in its incipient stage at the time the defendant purchased him. The burden was upon the defendant not only to prove breach of warranty, but to prove also a waiver of the condition as to returning the horse. If in December, 1911, the defendant was legally entitled to return the horse in his then condition and offered to do so, then the declaration of Crouch & Son was sufficient as a waiver of a formal return of the horse. The burden, therefore, was upon the defendant to prove that that diseased condition of the horse, which formed the basis of the sellers' objection to his return, was already upon the horse in its incipient stage at the time of the sale to the defendant. This being proved, the seller had no right to base objection to his return upon the ground of this disease.

The defendant introduced considerable testimony tending to prove that the horse must have been infected with the disease, and must have had it in its incipient stage before it was purchased by him. The disease is rather an infrequent one in this country. It is frequently found in Belgium and France and other European countries. When found here, it is usually in imported horses. Crouch & Son were extensive importers. They were more or less fa-

miliar with the disease, and had had experience with it. They had purchased this horse in Belgium about two months before he was sold to the defendant. The horse was a fine individual, and would weigh in ordinary flesh between 2,100 and 2,200 pounds. He was somewhat thin, however, when he was sold to the defendant. The defendant was never able to improve his condition as to flesh. He gradually lost weight until such loss amounted to over 500 pounds.

The defendant examined veterinary surgeons as witnesses. Their testimony all tended to show that the horse must have been in the incipient stages of this disease in 1909. One of these surgeons treated the horse in 1910. He testified to the apparent conditions at that time. He also testified to his opinion that the sores upon the horse in 1910 were second or third year sores. They were too large for first-year sores. None of this testimony was directly disputed. It is not incredible that an experienced veterinary surgeon could form reliable judgment as to the approximate time a progressive disease had run at the time of his observation of it.

There is evidence also by the defendant of various symptoms and scars observed by him immediately after the purchase, the significance of which, however, was not appreciated by him at the time. One of these was the condition of the horse's flesh, to which we have already referred. Others were small scars upon the skin which could have been the result of earlier sores.



OPINION OF THE COURT.

EVANS. J.: We think the evidence was sufficient to go to the jury on the question whether the horse was diseased at the time of the sale. If yea, then, as already indicated, the advanced stages of the disease would not justify the sellers' refusal to take back the horse in accordance with the conditions of the guaranty, and such refusal amounted to a waiver of conditions.

2. Was there sufficient evidence to go to the jury on the question of false representations? Plaintiff testified to oral representation to the effect that the horse was sound and healthy and a sure foal-getter. The evidence, therefore, is abundant to show the fact of representations, and that the representations were not true. Whether Crouch & Son knew the falsity of the representations is not shown by direct evidence. Reliance is had here upon various circumstances. Crouch & Son were experienced importers of horses, and were more or less familiar with the disease under consideration here. They had had previous litigation over the sale of a horse wherein the same disease was involved. In so speaking, we only assume the truth of the evidence on behalf of the defendant for the purpose of the discussion.

If it should be found from the testimony already referred to that the sores appearing in 1910 were second or third year sores, then the diseased condition of the horse must have been apparent to an experienced observer in the summer of 1909. Crouch & Son had possession of him for two months or more. The horse was not actually delivered to defendant at the time of sale. Crouch asked to retain the horse in order to exhibit him at the horse show in Chicago in December. For that purpose he expected to improve his condition and increase his flesh. When December came the condition of the horse had not improved, and he was not exhibited. This was a disappointment to the defendant. The reason given to him by Crouch for the failure to prepare the horse and to exhibit him was that he thought it would be better for him not to increase his flesh.

In the shape which the case has taken under the record the question of scienter is not of controlling importance. If the defendant is entitled to prevail on the ground of false representations, he is likewise entitled to prevail on the ground of breach of warranty, provided he shows that the horse was in fact diseased when he bought him. In view

of the fact that the condition of the horse, if diseased, could, and ordinarily would, have been observed by Crouch & Son when they had him, and perhaps ought to have been observed before they put him upon the market, we think that the evidence, as a whole, was sufficient to go to the jury also on the question of scienter.

Was the note sued on acquired by plaintiff in good faith and in due course, within the meaning of the Negotiable Instruments Act; and upon which party is the burden of proof, upon such question? Concededly, if the note was obtained by false representations, the burden of proof was on the plaintiff. Again, if Crouch & Son negotiated the note for the purpose of preventing a defense thereto, such negotiation thereof was a fraud upon the defendant within the meaning of the Negotiable Instruments Act. Such fraud would cast the burden of proof upon the plaintiff. Section 3060a59, Code Supplement; *Bank of Bushnell v. Buck Bros.*, 142 N. W. 1007. Many circumstances are shown which tend to prove such fact. The note was negotiated on July 19, 1911, only 12 days before maturity. Two installments of annual interest were past due and unpaid. It was received by the plaintiff as collateral to a note for \$15,000 then executed by Crouch & Son. Such note was given for a loan of like amount. The proceeds of the loan were placed to the credit of Crouch & Son in the plaintiff bank. When it was checked out does not appear.

The note in suit was negotiated to plaintiff under a contract between it and Crouch & Son, whereby Crouch & Son agreed to bear all expense of litigation. Such contract, however, had been in force between such parties for several years, and many notes had been purchased thereunder, and considerable litigation had been conducted by the plaintiff bank thereunder on other notes. In such litigation it encountered defenses similar to those in the case at bar. It was familiar with the business of Crouch & Son, and knew that their

notes represented purchase price of horses sold, and that more or less litigation resulted to them.

J. Crouch & Son was a partnership consisting of father and son. The father was a director in the plaintiff bank. No officer of the bank other than director Crouch had any knowledge of defendant, Grigsby, nor was any inquiry made concerning his solvency or otherwise. The cashier of the plaintiff testified that he alone transacted the business for the plaintiff in the purchase of such note, and testified to his good faith, and want of knowledge of any infirmity. The burden of proof being upon the plaintiff at this point, the credibility of the cashier was fairly a question for the jury to be determined in the light of the circumstances here indicated.

The Negotiable Instruments Act is intended to give negotiability and mobility to commercial paper, and therefore to extend protection to innocent holders thereof in good faith and in due course. But it is not intended as an aid or shelter to the creation of a litigating agency. If, therefore, the note was negotiated to avoid defenses thereto and the purchaser had notice, the statute affords it no protection.

We do not overlook the fact claimed on behalf of plaintiff and the payees that the defendant had not threatened to make defense, at any time prior to the transfer of the note, but that he had asked for an extension of time. The plaintiff is entitled to the benefit of this circumstance before the jury, but it is by no means so conclusive as to entitle it to a directed verdict.

If the jury should fail to find any fraud either in the inception of the transaction or in the negotiation of the note to avoid defense, then the burden would rest upon the defendant to show that the plaintiff was not a good-faith holder in due course. Even from that point of view, we are convinced that the circumstances shown are sufficient to carry the question to the jury.

For the reasons indicated, the order

directing a verdict for the plaintiff was erroneous. The judgment entered thereon must therefore be reversed.

(129 N. W. Rep. 626.)



Consideration

NEW YORK

Bona-fide Purchases.—What Is Value? Fraud

Supreme Court New York, Appellate Division,
First Department, December 4, 1914.

ROSENTHAL V. ROTH, et al.

Indorsee of note, before maturity and without notice of defenses, gave indorser three checks for the note in question and two others, the checks aggregating about half the value of notes, the balance being retained as security for payment of the notes. Held that he gave value therefor, so as to be entitled to recover one-half the value of the note from the maker.



ACTION by Samuel Rosenbaum against Paul Roth and others. Judgment for defendant Roth, who alone was served with summons, and plaintiff appeals. Reversed, and new trial ordered.



STATEMENT OF FACT AND OPINION

CLARKE, J.: The complaint alleges: That on or about July 29, 1913, the defendant Paul Roth executed his promissory note in writing to the order of Gilbert Metals Selling Company for \$636.18 for value received, payable four months after date, with interest, and delivered the same to the payee therein named. That thereafter and before maturity the said defendant Gilbert Metals Selling Company and the defendant Joseph M. Gilbert indorsed said note, and thereafter and before maturity said note, so indorsed, was delivered by the said Gilbert Metals Selling Company and Jo-

seph M. Gilbert to the Acme Gas & Electric Fixture Company. That thereafter, at the maturity of said note, the same was duly presented for payment by the Acme Gas & Electric Fixture Company above referred to, which said company was then the last indorsee and the holder thereof, and payment demanded, but payment was refused, whereupon said note was duly protested for the nonpayment thereof at the expense of \$1.35, of all of which due and timely notice was given to all and each of the above-named defendants. That no part of said note, nor the protest fees thereof, has been paid. That after said note was protested, but before the commencement of this action, the aforementioned Acme Gas & Electric Fixture Company, the last payee of said promissory note, sold, assigned, and transferred unto this plaintiff its claim on said promissory note against the above-named defendants. That the above-named plaintiff is now in the possession of said promissory note and is the true holder thereof.

The only defendant served with process was Paul Roth. At the opening of the case plaintiff's counsel said: "We claim one-half of the face amount of the note." The defendant admitted the making of the note, and the note, its indorsements, notice of protest, and assignment were all admitted in evidence.

Reduced to its ultimate analysis, and accepting the defendant's story at its face value, the transaction is this: That Roth, needing money, gave Gilbert a note, under Gilbert's promise to him to have it discounted and give him the proceeds for his use; that Gilbert gave him no proceeds of this note, but diverted it to his own use.

The plaintiff's assignor's story is that Gilbert represented to Weill that this was a merchandise note, and that Gilbert was unable to discount it himself, and requested Weill to do it for him and let him have the money; that Weill finally agreed to do so upon the representation that he could hold fifty per cent. thereof as security until the note

was paid; that Weill thereupon had the note discounted and gave Gilbert fifty per cent. thereof; that all these transactions were before maturity, and Weill therefore now claims a recovery of the amount actually advanced the value actually given in good faith, and before maturity, without the knowledge of the transaction between Gilbert and Roth, and without knowledge of the diversion by Gilbert.

The court let in much testimony about a previous transaction with a third party under a promise to connect which was not kept, under objection and exception, and denied a motion to strike it out. He also refused to strike out the testimony of Roth as to his arrangement with Gilbert and the Gilbert Metals Selling Company, because there was no evidence that it was ever called to the attention of the plaintiff or the plaintiff's assignors. He denied a motion for the direction of a verdict for the plaintiff. He did charge, however, upon request of the plaintiff:

"That there is absolutely no evidence in this case of any notice to the Acme Gas & Electric Fixture Company, or Mr. Weill, as to any arrangement that Mr. Roth might have had with the Gilbert Metals Selling Company or Mr. Gilbert, and that there is no claim on the part of the defendant that any such notice was given."

But he declined to charge right after that:

"That the plaintiff is entitled to recover in this case, unless the jury is satisfied that the taking of the note in question by Mr. Weill, or the Acme Gas & Electric Fixture Company, amounted to bad faith; otherwise, they are entitled to recover."

The court also charged the jury:

"It is my recollection that there was no consideration given by Mr. Weill to Mr. Gilbert upon receiving said note. I think that there was some testimony given about some previous note transaction between Gilbert & Weill; but it is not my recollection that there was

any moneys owing to Mr. Weill, or in fact owing to Gilbert, because of such transaction. So, therefore, if my recollection of the testimony is correct, there was no consideration paid by Weill as representing the plaintiff company, the Acme Gas & Electric Fixture Company, for the note in question."

This was excepted to. The testimony was that at the time Weill got the paper he gave three checks in payment of this note and two other notes, that the amount of these three notes was \$2,595.51, and that the amount of the checks handed over which appear as Exhibits 4, 5 and 6 were \$1,282.21.

It appearing, therefore, that the value had been given for the note, and it appearing, as the court charged, that there was no evidence of any notice to plaintiff's assignor of any arrangement between Roth and Gilbert, plaintiff was entitled to the charge requested that he was entitled to recover, unless the jury was satisfied that the taking of the note in question by Weill or the Acme Gas & Electric Fixture Company amounted to bad faith.

Section 95 of the Negotiable Instruments Law provides:

"To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect or knowledge of such facts that his action in taking the instrument amounted to bad faith."

Section 93 thereof provides:

"Where the transferee receives notice of any infirmity in the instrument or defect in the title of the person negotiating the same before he has paid the full amount agreed to be paid therefor, he will be deemed a holder in due course only to the extent of the amount theretofore paid by him."

The judgment and order should be reversed, and a new trial directed, with costs to appellant to abide the event. All concur.

(160 N. Y. Supp. 396.)

Banking Pictured in the "Movies"

By W. R. MOREHOUSE, Assistant Cashier German-American Trust
and Savings Bank, Los Angeles, Cal.

IN point of patronage the motion picture theatre excels all other public places of entertainment. And while a nominal charge of admission is attractive to many people, there must be merit in the motion pictures, or even the minimum charge would not continue to draw large audiences. No doubt the wide variety of subjects shown has much to do with the great success of the motion picture. Some pictures entertain, others convey information, while of still another class the educational features are recognized by schools and churches, who now use them as a means of instruction.

In an effort to encourage thrift among the American people, the American Bankers Association recently released a motion picture entitled, "The Reward of Thrift." It was well received, and has proved to be a step in the right direction. It is a large undertaking to educate the American to change his mode of living, eliminate wastefulness and form habits of thrift. In fact, it involves such a decided change from a state of indifference to systematic saving that no great improvement is likely to manifest itself for a long time.

In addition to our national association using one picture-story for our 100,000,000 population, every State association ought to put into the field at once at least one "thrift" picture, with the understanding that in due time an interchange of pictures between associations will be made, and thus an interest in the pictures be perpetuated.

If each State association will put out one reel of pictures, and after running the story for six months in its own State, interchange with some other association, each State in the Union might have a new "thrift" picture every six months for a period of twenty-five years.

By this plan the cost of making a new reel every six months is eliminated, and if each association used for a setting to their "thrift" pictures scenes typical of its own State, added interest would result, and each picture would have individuality.

Whatever is done in the future by the national or State associations will not in any way interfere with the use which any bank can make of the motion picture individually.

The German American Trust and Savings Bank, at Los Angeles, is the first western bank to use the motion picture for publicity. The two reels which this bank is now using are based upon the reward-for-thrift idea, but at the same time carry enough of the bank in the stories to convince those in the audience who are not patrons of this particular bank that it offers them a safe and convenient depository for their savings. These two reels will cover every section in Los Angeles in about six months, following consecutively, but with a month or more intervening. Instead of appearing at the beginning of the programme they follow the last picture, and owing to this location appear to be a part of the regular programme. The titles of these stories do not intimate that what is to follow is an adver-

tisement. For instance, if you should enter a motion-picture theatre and these words, "The Conductor's Awakening," were flashed upon the screen, would you expect to see an advertisement? In fact, the stories are at least one-third shown before the name of the bank appears, and then only incidentally, but by the time the story is one-half run, the bank has taken a prominent place in the story, which it holds through to the end.

The illustrations to the first story which follow do not do justice to the story for a number of reasons; namely, they are but fourteen of over four thousand pictures in the reel; and then, in order to get these illustrations, it was necessary to clip them from the original film at places where they could be spared without injuring the continuity of the story; they were enlarged from pictures only one inch square; and lacking action—which is the real secret of the motion picture—much is lost from this source. It is introduced by the following announcements

A CONDUCTOR'S AWAKENING

Scenario by W. R. MOREHOUSE

The first picture of the story shows us a typical California bungalow. Elevated from the lawn is a sign which reads as follows:

FOR SALE ON EASY PAYMENTS
Acme Building Company

We at once decide that this bungalow is the property of the builders, and that the occupants are only renters.

The front door opens and a street-car conductor with lunch-box in hand appears, closely followed by his wife and little boy. The conductor kisses his wife good-bye, picks up the little



THE HOUSE IN WHICH THE CONDUCTOR LIVES IS FOR SALE BY THE ACME BUILDING COMPANY.
EVIDENTLY HE IS ONLY A TENANT.



CONDUCTOR'S WIFE: "I WILL GET MY HUSBAND TO OPEN AN ACCOUNT AT YOUR BANK"

boy playfully, throws him into the air—hugs him—kisses him, and then sets him down upon the steps. The conductor starts to leave, waves his hand good-bye, and disappears from the scene. His wife comes down the steps, picks up the morning paper from the lawn, and immediately re-enters the house.

Our next scene shows us the interior of a modern California bungalow, though very plainly furnished. In the dining-room the dishes of the morning meal have not yet been removed. The conductor's wife enters, carelessly throws the newspaper down on the table and begins to clear away the dishes. She hesitates a moment and then returns to the paper, apparently attracted by some item of special interest. She reads eagerly and presently walks rapidly across the room to a chair, where she sits down, and after re-reading the news item looks up. An expression of fear is upon her face. She looks searchingly about as though she felt the presence of some dangerous person. The newspaper is flashed upon the screen, and the audience reads:

BURGLARS GET RAILROAD MAN'S SAVINGS

John Larkin, a motorman on the Pacific Electric Railway, telephoned to police headquarters this morning that burglars had entered his room during the night, and without awakening him secured his savings, amounting to \$920. This is the third case reported this week.

The item is flashed off, and we return immediately to the conductor's wife, who is still motionless with fear. She does not know what to do next; she studies the situation, then throws down the newspaper and hastily walks out of the room, to reappear in the adjoining bed-room. Inside she pauses for an instant, looks searchingly about, then turns and locks the door. After trying the door to see that she has locked it, she walks rapidly across the floor to a bed not yet made up, thrusts her arm under the mattress as far as she can reach, and withdraws a small cotton bag. This time when she looks up her face is relaxed. We next see her empty the contents, comprised of a few coins,

into her lap; she counts the coins one by one as she drops them back into the small bag. She again looks up, and this time remarks:

IT'S NOT MUCH, BUT IT IS ALL
WE HAVE SAVED AND WE
CAN'T AFFORD TO LOSE IT

Rising, she thrusts her arm back under the mattress, thereby replacing the money, and then exits out of the picture.

This announcement is next flashed upon the screen:

THAT AFTERNOON

We are again looking toward the bungalow, and our eye catches the little boy playing on the steps with his toys. As we watch him, a woman plainly dressed and without hat enters the scene, and we at once are convinced that she is a near neighbor. This woman stops and talks to the little boy a moment, and then passes on and into the house. As she moves away we notice that she carries a small booklet in one hand. We return to the dining-

room; the dishes have been removed, and the room generally is in a tidy condition. By the window sits the conductor's wife sewing; the door opening startles her; she rises instantly, and her friend enters, is recognized instantly, and invited to be seated. They have been engaged in conversation some time when the conductor's wife calls the visitor's attention to an item in the newspaper, which is again thrown upon the screen:

BURGLARS GET RAILROAD MAN'S SAVINGS

John Larkin, a motorman on the Pacific Electric Railway, telephoned to police headquarters this morning that burglars had entered his room during the night, and without awakening him, secured his savings amounting to \$920. This is the third case reported this week.

The visitor is little disturbed by the news and displays no fear whatever; in fact, much to the surprise of the conductor's wife, she smiles, and then exhibits the little booklet which she



THE BURGLARS CAUTIOUSLY CLIMB IN AT THE BEDROOM WINDOW

brought into the house with her, and as she presents it to the conductor's wife, remarks:

THEY CAN'T GET MINE, FOR I HAVE JUST OPENED AN ACCOUNT WITH THE GERMAN AMERICAN TRUST AND SAVINGS BANK.

This statement is of exceeding interest to the conductor's wife, for she is eager to have the booklet in her possession, and reaches for it. Here the booklet is flashed upon the screen, and this announcement greets the eyes of the audience:

SAVE YOUR MONEY AND BUY A HOME. THE GERMAN AMERICAN TRUST AND SAVINGS BANK WILL PAY YOU INTEREST ON YOUR SAVINGS AND ASSIST YOU IN EVERY WAY.

A conversation at some length follows, the visitor referring to her bank account, and apparently urging the conductor's wife to open an account with the same bank and save her money where it will be secure. The visitor rises to go.

We are again looking toward the bungalow—the front door opens and the visitor walks out and begins talking to the little boy, and before she is out of the picture the conductor appears, lunch-box in hand. They talk a moment, the visitor leaves and the conductor, with boy in his arms, enters the house.

We again return to the dining-room. The conductor's wife has become so interested in the bank booklet she failed to hear her husband enter. As the door opens she looks up, picks up the newspaper, greets her husband with a kiss, and taking him by the arm leads him into the adjoining bed-room, which is now in good order. She leaves him and goes direct to the bed, thrusts her arm under the mattress, and withdraws the bag of money. Holding the bag firmly with one hand, she thrusts the news-

paper up before her husband's face, asking him to read about the robbery. Again the newspaper item is thrown upon the screen and we read for the third time:

BURGLARS GET RAILROAD MAN'S SAVINGS

John Larkin, a motorman on the Pacific Electric Railway, telephoned to police headquarters this morning that burglars had entered his room during the night, and without awakening him, secured his savings amounting to \$920. This is the third case reported this week.

The husband reads and then bursts into laughter, evidently ridiculing the idea that burglars would get his money. With an air of security he walks to the dresser, takes from the top drawer a large revolver, remarking:

THEY WILL NEVER GET OUR MONEY WHILE I HAVE THIS.

But his wife shakes her head and renews her plea for a bank account. She thrusts before him the bank booklet, pointing to a certain paragraph, and the booklet is shown. We read as before:

SAVE YOUR MONEY AND BUY A HOME. THE GERMAN AMERICAN TRUST AND SAVINGS BANK WILL PAY YOU INTEREST ON YOUR SAVINGS AND ASSIST YOU IN EVERY WAY.

The conductor still refuses to consider her entreaties.

We return to the street in front of the bungalow. The "For Sale on Easy Payments" sign stands out conspicuously and we are compelled to read it. The front door opens, the little boy runs out, the mother follows and then the conductor. All come down the steps together, smiles upon their faces; they are anticipating the pleasures of a holiday. Upon the screen is flashed this announcement:

THEY ATTEND THE ANNUAL EXCURSION OF RAILROAD MEN TO THE BEACH.

Immediately following this announcement is a second:

TWO HOURS LATER

We see two roughly-dressed men approach, their faces half hid by their

fused, choosing to depend upon his revolver. We see one robber begin to search the bed, and we almost wish to turn away, when he rolls up the mattress and his eye falls upon the little bag of coins. He calls his pal and both hasten to make their escape out the window.

As soon as the robbers exit, this announcement appears:



FINDING THE CONDUCTOR'S SAVINGS, THEY MAKE THEIR ESCAPE

caps. They look cautiously about as they approach the bed-room window. One pries it up and both climb in.

We see them in the bed-room. We watch them searching every nook and corner and hope that they will not find the little bag of money, and there comes back to us the exclamation of the conductor's wife:

IT'S NOT MUCH, BUT IT IS ALL WE HAVE SAVED AND WE CAN'T AFFORD TO LOSE IT.

Then we think how she pleaded with her husband to place it in a bank where it would be secure, and how he re-

THAT EVENING

After the robbers disappear the real condition of the room after the robbery becomes more and more manifest. Scattered about on the floor are numerous things—some broken, others torn. The mattress is still rolled back, exposing the springs.

Unannounced, the conductor, with coat off and followed by his wife, walks unsuspectingly into the room, to be dazed at what they see before them. Presently the conductor's wife rushes to the bed and frantically searches for the money, her husband helping. They both fail; and the woman, being quick-



THE CONDUCTOR'S WIFE, REALIZING THE LOSS OF THEIR SAVINGS, WEEPS ON HER HUSBAND'S SHOULDER. HE TRIES TO CHEER HER

est to realize the enormity of the loss, throws herself upon her husband's shoulder and begins to weep.

He strokes her on the shoulder and tries to soothe her. Soon she becomes more composed, and going to the dresser returns with the bank booklet and hands it to the conductor pleadingly. Again the booklet is thrown upon the screen and we read as before:

SAVE YOUR MONEY AND BUY A HOME. THE GERMAN AMERICAN TRUST AND SAVINGS BANK WILL PAY YOU INTEREST ON YOUR SAVINGS AND ASSIST YOU IN EVERY WAY.

The conductor's previous determination is broken; he yields, and when he agrees to open a bank account, his wife's face lights up with new hope.

This announcement then appears on the screen:

NEXT MORNING

The conductor is seen approaching the German-American Trust and Sav-

ings Bank. He enters, and the beautiful corridors of the banking rooms flash upon the screen. We see a busy bank, with people transacting their business. Among those in the bank is the conductor. He cashes his pay check, takes part of it to the New Account Department, and there opens an account.

We notice that the conductor holds the book up as though proud of what he has done—he reads the entry with satisfaction. Upon the screen is shown the pass-book. An account has been opened in the name of Harry Burns and Cora Burns, and \$35.00 has been deposited. We see the conductor put the pass-book securely into his coat pocket and leave the bank.

Following this scene is this announcement:

FIVE YEARS LATER

Again we get a view of the banking rooms of the German American Trust and Savings Bank. Presently the conductor, his wife and little boy (now much larger than when we saw him

playing on the steps of the bungalow) enter. The conductor and his wife transact their business at one window and the boy is seen depositing his savings from a home safe at another window. While watching the three, fifteen or more persons enter the picture, transact their business and exit. At his window the conductor purchases a cashier's check, which is shown upon the screen. It is for \$1,800 and is payable to the Acme Building Company, in payment for the home in which the family have lived so many years. They exchange the cashier's check at the desk of one of the bank's vice-presidents for a deed, the officer congratulates the little family, and they retire from the picture.

Again the pass-book is shown upon the screen, showing that during nearly six years of systematic saving they were able to accumulate \$2,093.40, and after paying for the home had left \$293.40.

THE final scene takes us back to the bungalow. Our happy little family is seen returning from the bank. The conductor turns and faces us—holds up a document, which, when thrown upon the screen, is a deed to the property. We watch the conductor closely; he goes over to the sign which for so many years has advertised the property for sale; he picks up the sign, throws it out of the picture, and, turning to his wife, remarks as he points to the bungalow:

WE HAVE SAVED ENOUGH IN SIX YEARS TO BUY THIS HOME AND HAVE \$293.40 LEFT, WHICH REPRESENTS THE INTEREST THE GERMAN AMERICAN TRUST AND SAVINGS BANK HAS PAID US.

The conductor puts his arms about his wife, takes the boy by the hand, leads them up the steps and into the house, which is now their own home.



THE SPRING STREET ENTRANCE TO THE GERMAN AMERICAN TRUST AND SAVINGS BANK,
THE CONDUCTOR HAS JUST ENTERED

SUGGESTIONS

A FEW suggestions may be valuable to bankers who are considering the use of the motion picture for purposes of publicity.

Under no consideration be in a hurry to sign a contract. There is far more of detail about the venture than you at first suppose. You will not have the advantages of the studio where the light is perfect and where the setting can be made to fit the story, but must use your own banking-room with artificial light and with marble counters reflecting like mirrors and thus blurring your scenes. If you use a flare you will have to contend with getting a scene in about twenty seconds and constantly guard against smoke clouding your pictures. It takes time to produce a story that is dignified and consistent with the banking business, and it may be well for you to read some of the best thrift stories published to see how they are built up.

If you will re-read the scenario entitled, "The Conductor's Awakening," you will find that the story is too short. This is due to the fact that theatres in Los Angeles will not run an advertising reel containing more than 300 feet. The story referred to originally contained 1,000 feet and thirty-seven scenes, which was cut down to fifteen scenes, or, in time, from a story taking fifteen minutes to run to five and one-half minutes, and thus considerably abbreviated.

If it is possible, make a contract that will permit you to use a reel of not less than 500 feet. If you are confined to 300 feet, you will experience great difficulty in writing a scenario to fit, as it really takes about forty scenes to make a strong and lasting impression upon the average mind.

If your advertising man writes the scenario, be sure to review it carefully—not because he may not be capable of producing a good story; but owing to his enthusiasm in matters of an advertising nature, he will be inclined to make the advertising so prominent that

the story will be uninteresting and therefore lose its effectiveness. Avoid a display of bank figures, as there are many persons in the average audience who are "bored" by anything that appears to be a straight advertisement. Unless your story leaves a favorable impression upon the audience you have failed utterly. Put yourself in the theatre-goer's place. At the door you pay an admission fee for being entertained by clever stories enacted upon the screen—and you have flashed before you advertisements. Are you pleased?

It is claimed by theatre men that the average person will absorb without apparent criticism nearly everything thrown upon the screen, unless it is straight advertisements. However, of all corporations, a bank cannot afford to follow the practice of giving the public stories that are impossible in their nature. If you are in doubt, ask the theatre man what his patrons demand in the way of pictures. He will tell you that they do not want straight ads, but offer no objection if publicity is woven into a story that is cleverly acted. Theatre-goers are confronted with soap ads, coffee ads, tobacco ads, piano ads, as well as many other manufactured articles. Some of the ads are cleverly told in story, while others are very crude, and the public should not be detained while the latter are being run.

In preparing the story secure the services of a practical banker. Why? Because there must inevitably be a distinction between that which advertises the functions of a bank and those of soap or coffee. The soap business has never been quite on a par with banking in point of dignity, and banks cannot afford to drop to the soap level, whether it be in newspaper advertising or motion picture publicity. A score of monkeys chasing each other around a labeled soap-box advertises that particular brand of soap; but all the monkeys and soap-boxes in the world cannot be utilized to advertise the dignified profession of banking.

Insist on a story and not an ad, and let that story be true to life, without angels, wizards, Indians, cowboys, and—for the sake of variety—without a murder scene in it. Don't lay the foundation of your story in the seventeenth century, for if it is to have the real "punch," it must be built up out of people of to-day. To catch the meaning of this statement, note the make-up of the story entitled, "The Conductor's

to the average person as the street-car conductors? Every person who rides on the street car meets the conductor and pays him a fare—even little children who ride free know the "street-car man." What classes of workmen receive the average wage? The street railway employees are of these classes, therefore it is fair to use a street-car conductor to prove what can be accomplished by systematic savings.



ON OPENING AN ACCOUNT HE WAS INFORMED THAT HUNDREDS OF STREET CAR MEN WERE DEPOSITORS IN THE BANK

Awakening." Look at the first illustration, and you are made to feel that you have seen the same bungalow, and you are quite as certain that you have read the sign advertising the house for sale. Why? Because in every city we have a few landlords and many renters, and, look where you will, the big "For Sale" sign confronts you. And then, too, you have seen somewhere the same little boy, and, as you recollect it, he was playing on the front steps the last time you saw him.

What class of men are as well known

And how natural for him, upon returning home that day, to go straight up to the "For Sale" sign, and with great delight pull it up and throw it away. How natural that his wife should rejoice with him in this supreme moment of his life. They go up the steps together and disappear in the house, but not without leaving this message to the audience: What we have been able to accomplish in only a few years is within the reach of every person, if they will but save their money and buy a home. And they will be aided in doing

GRANT DEED
INDIVIDUAL

*Acme
Building Co*

TO

*Harry Burns
& Cora Burns*

Dated DEC. 1st. 1914

GERMAN AMERICAN
TRUST AND SAVINGS BANK
LOS ANGELES, CALIFORNIA

DEED GIVEN IN EXCHANGE FOR
CASHIER'S CHECK

this by the bank, which will pay them interest on their savings and assist them in every way.



THE second story is entitled, "A Widow's Struggle." A widow is obliged to support herself and little son by sewing. The boy is industrious and after school sells newspapers, depositing the proceeds in the bank. As the months go by the mother is not able to make a living for the two and save enough money to meet the interest on the mortgage on her home. The mortgagee threatens to foreclose, but finally extends the time of payment. In the time given, the widow is still unable to raise the needed amount, and when the mortgagee calls a second time she is abused because the money is not ready. Steps to foreclose are about to be taken when the boy goes to the bank and withdraws the necessary amount from his savings (it takes about all he has saved) and gives it to his mother, who is now able to meet the payment and thus saves the home. Later the boy shows his mother through the bank, and this tour gives the audience an opportunity to see the interior.

THUS far the results from this means of publicity have been very gratifying, and there is every reason to believe that when the present six-months' contract expires a new contract will be made for a longer term. Before two audiences every night for six months the facilities of the German American Trust and Savings Bank are exploited, and it is safe to say that thousands upon thousands who never read a newspaper advertisement of the bank will have occasion to be favorably impressed.

Los Angeles offers exceptional advantages for making the motion pictures, and especially is this true with regard to the sunlight which here is unmixed with the static electricity so damaging to films. Fifty-two separate companies are now operating, which makes Los Angeles the photo-play capital of the world. Just eighty-five per cent. of all the motion pictures produced in the world were made in or near Los Angeles. The amount invested in plants for making motion pictures is conservatively estimated at \$3,000,000, with a yearly expense of over \$5,000,000, employing 14,000 people.

Is it any wonder that a Los Angeles bank is the first on the Pacific Coast to use the motion picture as a means of publicity?

The South's Great Wealth

IT is pointed out by "The Manufacturers' Record," Baltimore, that last year the aggregate results of Southern activities—the farms, factories, forests and mines—amounted to \$8,640,000,000 in value, and that of this sum the value of cotton and cotton seed represented less than one-eighth and only twenty-nine per cent. of the total value of the South's agricultural output.

Summarizing a table of the products

of this part of the country, "The Manufacturers' Record," says:

"There is thus shown a total of \$2,552,427,000 as the value of all Southern crops. To that should be added \$690,000,000, the value of animals sold or slaughtered, \$224,000,000 of dairy products and \$160,000,000 of poultry and eggs, together with \$6,000,000 of wool, making the total value of the South's agricultural output \$3,632,427,000.

"For the profitable employment of a population more than six times that of the South at present are waiting 200,000,000 or 300,000,000 acres of land for farming, 200,000,000 acres of timber land which may be maintained for ever if properly handled as a source of material for woodworking industries, 500,000,000,000 tons of coal and 10,000,000,000 tons of iron ore to be mined, 150,000 miles of railroads to be built

to give the facilities required by such a population, waterways to be improved in their lower stretches for navigation and controlled in their upper stretches for hydro-electric power, and a host of mineral and agricultural resources to be developed, the potentialities of which have merely been indicated in what has already been accomplished with them.

"The mere contemplation of these resources against the background of the fact that the \$8,000,000,000 brought into the South for its cotton in the past nine years are only \$400,000,000 more than the normal annual output of the South's factories, mines, forests and farms, not including cotton, should send the veriest pessimist about the South into obscurity, and start every Southern man of enterprise and energy to investing every available dollar in equipping himself to make the most of his unparalleled opportunities."



Prosperity Map of the United States



[This map is reproduced from the January issue of the "Strauss Investors' Magazine," by courtesy of S. W. Strauss & Co., Chicago and New York.]



Photo by Goldenisky

H. H. COLLINS, JR.

SECRETARY AND TREASURER COLLINS PUBLICITY SERVICE FOR FINANCIAL
INSTITUTIONS
EXECUTIVE HEAD OF THE ENTIRE ORGANIZATION

"THERE are many persons, bankers as well as laymen, who fail to be mutually helpful because they do not understand each other. The Collins Publicity Service aims to break down all prejudice and promote instead a spirit of fellowship and good will. This invariably results in a business growth for both banker and client, based upon the most enduring foundations."

Building Character and Developing Prosperity by Educating Bankers and Bank Depositors

CHARACTER-BUILDING is taught in many ways, but a very high place in this far-reaching work may be awarded those who are educating the boys and the girls, the men and women, to become bank depositors. For this work, when thoroughly analyzed, does not consist in holding out some alluring inducement to put money into a bank for the sake of the benefits such a course will bring to the depositor. It goes far beyond that, and seeks to arouse in the individual a sense of responsibility, not to himself alone, but to those dependent upon him and to the entire community.

Learning that the Collins Publicity Service, of Philadelphia, was engaged in precisely this kind of work, I went to that city recently and had a talk with Mr. George Y. Clement, Chief-of-Staff of that organization, with the result set down herewith.

THE EDITOR BANKERS MAGAZINE.

AFTER indicating the purpose of my visit and my belief that the work being conducted at Philadelphia would be of interest to all persons concerned with greater efficiency in banking, I frankly asked Mr. Clement to tell me all about the aims and accomplishments of the organization. In answer to this question, he replied:

"You ask me to tell you all about the work of the Collins organization. Nothing would please me more, but first you must give me something on which to start. Are you interested in knowing about that part of our organization engaged in research work and investigation—that part of the staff employed in consultation with the bankers in their home cities—of our construction and designing endeavors—of the work which is carried on by our service men—of the details of a board conference at which local problems are discussed by our executives—or what?"

"Mr. Clement," I replied, "I understand the work of the Collins organization is that of assisting bankers toward increased efficiency in their institutions. Much has been said on this subject in recent years—many bankers are intensely interested in greater efficiency. You have referred to research work by

a part of your organization; just what does that include?"

"Research work," he answered, "to us means the continuous gathering and tabulating of every scrap of information that has a bearing on progress in banking. For a number of years our people have been engaged in recording all effort put forth in different parts of the country whether it has registered success, partial success or failure on the part of individual bankers striving to develop greater efficiency and increased business for their institutions.

RECORDING ALL EFFORT.

"In those large scrap-books in the adjoining room you will find the record of many attempted achievements on the part of bankers throughout the country—some more successful than others, but all representing expended effort. Our purpose in recording these things is no doubt obvious when you realize that at all times we are advising several thousand bankers as to the course they are to take in publicity effort. In this work our staff must not only know what is at present being attempted, but the knowledge of that which has gone before is invaluable.



A. M. COLLINS

VICE-PRESIDENT COLLINS PUBLICITY SERVICE FOR FINANCIAL INSTITUTIONS

ADMINISTRATIVE head in directing the so-called physical part of the work—the manufacturing of material used in campaigns aggregating millions in distribution.

Mr. Collins can be described as an intense worker, yet finds time to become a national figure in sports. He is well known for his prowess as a polo player and also as a great hunter and explorer.

"Another phase of our research work is the gathering of all recorded advertising effort on paper. By this I mean that we secure for our files thousands of booklets, letters, statements, cards and house-organs published by bankers. This collection runs back only five years, but in it is reflected the trend of mind of the banker in publicity. I am frank to say that this material is viewed and studied by our own constructionists with much interest—in fact, in the composite it may often become their cue for what is to be avoided in the result they are striving to attain."

WHAT CONSTRUCTION IN PUBLICITY MEANS.

At this point I interrupted with the question, "What do you mean by reference to your 'constructionists'?"

"There are two sections of our work which we designate as construction," my informant replied. "One includes the building of so-called 'vehicles,' or message-carriers, whether they be booklets, letter-folders, mailing-cards or something else which carries the banker's message. The men who devise and design or furnish the idea are constructionists; and when you realize that our syndicating of these vehicles almost invariably runs into millions of copies you can readily see how much importance this angle of our work assumes. The men engaged in it must not only have what can be described as intensely inventive minds, but must have a broad range of general knowledge on banking procedure, psychology and human nature as well.

"The other work we include in 'construction' is commonly referred to as 'copy' writing. With us, however, this assumes a position of importance little understood by those not identified with the organization. Most of it is composite work—in other words, when completed it represents the combined work of several people, and extensive elimination is the method employed to produce the finished product."

After a moment's pause I questioned

him again, asking what he referred to when he mentioned 'consultation work' with the banker.

"To our Consulting Specialists, one of whom is located in each section of the country," was his reply. "These men study local problems and confer with the banker on the ground. They are personally responsible in large measure for the successful outcome of all campaigns carried on in the territory under their jurisdiction. Their business, therefore, is not only to study the community and its possibilities from a banking standpoint, but is directly concerned with the methods employed and atmosphere inside of the bank and the installation of efficiency where there may appear a lack of it. This lack may be due to inadequate equipment—it may be the result of a want of interest or capacity on the part of some employees. *Usually, however, the cause can be described as limited knowledge of what other bankers are doing; and it is here that our special representative should fulfil his function as an encyclopedia of information as to what other bankers similarly located are accomplishing.* From this part of our staff we at this end learn of the individual requirements of each banking institution, and when you see in one of these voluminous reports the possibilities of the community set forth side by side with the ideas and requirements of the bank, you appreciate the specialized knowledge we naturally draw upon to individualize that particular institution.

"Decisions on important or unusual requirements are made in board conference, where, in review, our entire staff can pass upon every angle calling for particular treatment from a community standpoint."

SEMI-PUBLIC ASPECT OF THE FINANCIAL INSTITUTION.

"Our object is to cause depositors and those persons who are not depositors to see that banking is a community of interests—that back of the whole banking fabric exists the aim to be construc-



G. Y. CLEMENT

CHIEF OF STAFF, COLLINS PUBLICITY SERVICE FOR FINANCIAL INSTITUTIONS

“WE are helping to solve the problem of misunderstanding between bank owners and the great mass of people in this country who are not bank owners. Incidentally this necessitates in the financial institution an introduction of efficiency in its publicity effort that will often have a direct bearing on the conduct of every department.”

tive and helpful," he continued. "We are endeavoring to *educate* people to see that the bank or trust company is semi-public like the school-house or court-house and should be viewed and used as such. We do not hesitate to urge our friends in the banking business to frown down every man in the fraternity who does not maintain high ideals in his business. One thoughtless, weak or careless individual can destroy more correctly-molded public opinion in a week than a dozen can build up in a year. I know you will say that expression may be misinterpreted and misunderstood, but it will not by the men I know as the backbone of the banking business. No body of men in any walk of life represents a higher integrity or more constructive citizenship; but in every mass is found a destructive force—sometimes it is large, sometimes it is small. In the banking business it is very small; but even so, it does not belong there, should be recognized, educated and brought up to the topmost level, or eradicated.

PREJUDICE AND DISTRUST ELIMINATED.

"The necessity, yes urgency, of action planned to overcome all prejudice, distrust and antipathy toward banks that is found existent in prevailing public opinion to a greater or less degree in communities throughout the country, strongly impresses me as the greatest work before the banker to-day. When the right attitude of mind on the part of the general public is brought about, many conditions now regarded as problems will exist no more."

At this point I inquired how this was to be accomplished.

"Largely as the result of a more general application of the constructive thought now being applied by many leaders in the banking world," Mr. Clement replied. "Let me reiterate very frankly that its elimination does not entirely depend upon the ability brought into play by the publicity expert, but rather how the banker him-

self takes hold and understandingly assists his publicity adviser. First of all, it must be recognized that such misunderstanding as exists between bank owners and non-bank owners, however small, is an undesirable, unprofitable evil that can be eradicated—that it does not exemplify truth—and that it is largely the result of ignorance. As soon as this is determined and decided upon the slogan becomes *education*, and the remedy is brought into action. Different communities require different treatment, but the panacea applied to all is contained in *education*.

LOOKING THROUGH THE EYES OF THE OTHER FELLOW.

"What is this education? First of all, I would say it should include an attitude on the part of the banker of talking to John Smith instead of *at* him. To do this he must get off any imaginary pedestal, no matter how little raised, if he is on one, and look through the eyes of this other fellow—then tell him what he ought to know, not in the language of banking terms or technical finance, but with a simplicity and directness that is understandable. Furthermore, even this without the right personal equation falls flat. The depositor or borrower is just as necessary to the bank as are the officers, and why should it be assumed otherwise? When a person steps into the bank and contemplates a transaction, why should he have a subconscious feeling that he is expected, metaphorically, to tiptoe? Here are two people coming together for mutual profit and helpfulness—the benefit is not one-sided, and the more that feeling is relegated to the scrap-heap of false notions, the clearer will the atmosphere become and more and better business will be transacted.

"Constructive publicity can only be carried on where the other man is taken into confidence and the consideration which is his due shown to him.

"I may have apparently strayed from the formal problems you had in mind, but the educational process to be ac-



THERE APPEARS A DISTINCT ADVANTAGE IN BRINGING A COMPLEX PROBLEM UP FOR ANALYSIS BEFORE A GROUP OF MEN EACH OF WHOM IS A STUDENT OF
A SEPARATED ANGLE OF THE SUBJECT UNDER DISCUSSION. THE GROUPING OF SPECIALISTS IS A TREND OF THE TIMES,

No. 4386

THE AMERICAN NATIONAL BANK

UNITED STATES DEPOSITARY

CAPITAL \$ 200,000.00 SURPLUS \$ 200,000.00

T. C. POWER, PRESIDENT
 A. C. JOHNSON, VICE PRESIDENT N. J. GOULD, CASHIER
 GEORGE E. STADLER, ASSISTANT CASHIER

HELENA, MONTANA

To our Friends:-

April 1, 1915

Some people look upon a Bank as a private enterprise where in reality it is a semi-public institution organized to serve the entire community in which it is located.

We are desirous of causing all people to know more of this Bank and why they should utilize the SERVICE that an institution of this kind furnishes, and how it becomes A Permanent Source of benefit and assistance in every day affairs.

Many people are inclined to imagine that their account because it would be necessarily small--perhaps very small to start with, would be unacceptable and lightly considered. On this point let us be clear. The Officers of this Bank know from actual experience that some of the largest accounts in this Institution started from the smallest beginnings.

This Bank welcomes the small as well as the large account, because we know a bank pass book is an inspiration to progress and thrift to the one who uses it.

"Service that will help" is the policy of this Bank, and if you are not already a depositor, we suggest that you accept our invitation and open an account.

G. P.-6

Very truly yours,

THE AMERICAN NATIONAL BANK.

A. C. Johnson
 Vice President.

P.S.—The next Panama Canal Report (Part VII), will show interesting details of Civil Administration on the Zone, its schools, police, fire department, courts and other institutions. Nearly 2000 children were enrolled at the schools in 1912.

Reproduction of the first page of one of a series of twelve educational messages "constructed" in the form of double letter-folders.

Through the modern method of syndicating this vehicle has run into an issue of between eight and nine millions of distribution.

On the following pages are shown Pages 2 or 3 of the folder which carry, as an auxiliary subject to include "retention value," illustrated reports on the Panama Canal.



DRILLING HOLES FOR BLASTING

The Panama Canal—Part VI. Culebra Cut

NINETY million cubic yards of excavation, three-quarters rock, faced the American builders of the Panama Canal at Culebra Cut when they first started on "that great man-made slash across the bosom of Mother Earth." This place has always been the point of greatest resistance, and here Nature made her final stand against the assaults of the labor army. It was at Culebra that the French began their first real work in 1882, and it is now, thirty years later, that the completion of the Cut marks the last big step of Canal excavation.

SIX million pounds of dynamite annually fired in the Cut measures the tremendous vigor of the attack made upon its mountainous slopes. Facing the engineers was a gigantic mass of material which had to be blown into portable fragments, loaded on cars, and hauled many miles away. They had also to contend with terrific downpours of rain, tropical heat, and unexpected slides which added 20,000,000 cubic yards more of earth and rock to the original estimates.

NINETY miles of holes have been drilled in a single month at Culebra through the solid rock. To do this there were used 377 drills driven by compressed air—drills with cutting edges frequently studded with diamonds in order to bite into the hard rock, which would soon dull the softer steel.

FORTY-THREE steam shovels clanked in Culebra loading the shattered fragments on cars which were quickly hauled away to make room for an empty train fresh from the dumping ground. At times even the 100 miles of track in the Cut were insufficient for the prompt movement of trains, so rapidly did the 100-ton shovels with their immense dippers of five-yard capacity handle the big masses of material.

TWO important problems were solved by the American engineers in excavating the Culebra Cut. One was to cut through the hills of hard rock and clay in the most economical manner, the other was to keep the newly-formed Canal prism free from slides.

A MILLION and a half cubic yards of excavation per month, the average for several years past at Culebra, all taken out at a very low unit cost, shows how successfully the Canal force has coped with the difficulties of the situation. The plan has been to work the excavation in a series of benches or steps on each side of the Cut, using steam shovels of the greatest capacity and other labor-saving devices of every description. To control the slides it was found that the only remedy was to dig them out, top as well as bottom, until the slippery masses would come to rest by being relieved of pressure.

THIS famous and picturesque Cut, the slopes of which have given so much work to shovel and drill, is about nine miles long. At the Pedro Miguel end is the historic Gold Hill, from the top of which Balboa discovered the Pacific.

THREE very expensive ditches or canals have been constructed, in order to divert water on each side of the Cut from flowing into it during the rainy season and interfering with the work of excavation. Two of these canals were constructed by the French, but the Obispo diversion, on the east side of the Cut between Gold Hill and the Chagres River, where there is a yearly rainfall of 83 inches, had to be built by the American engineers, and its cost has been well over a million dollars.

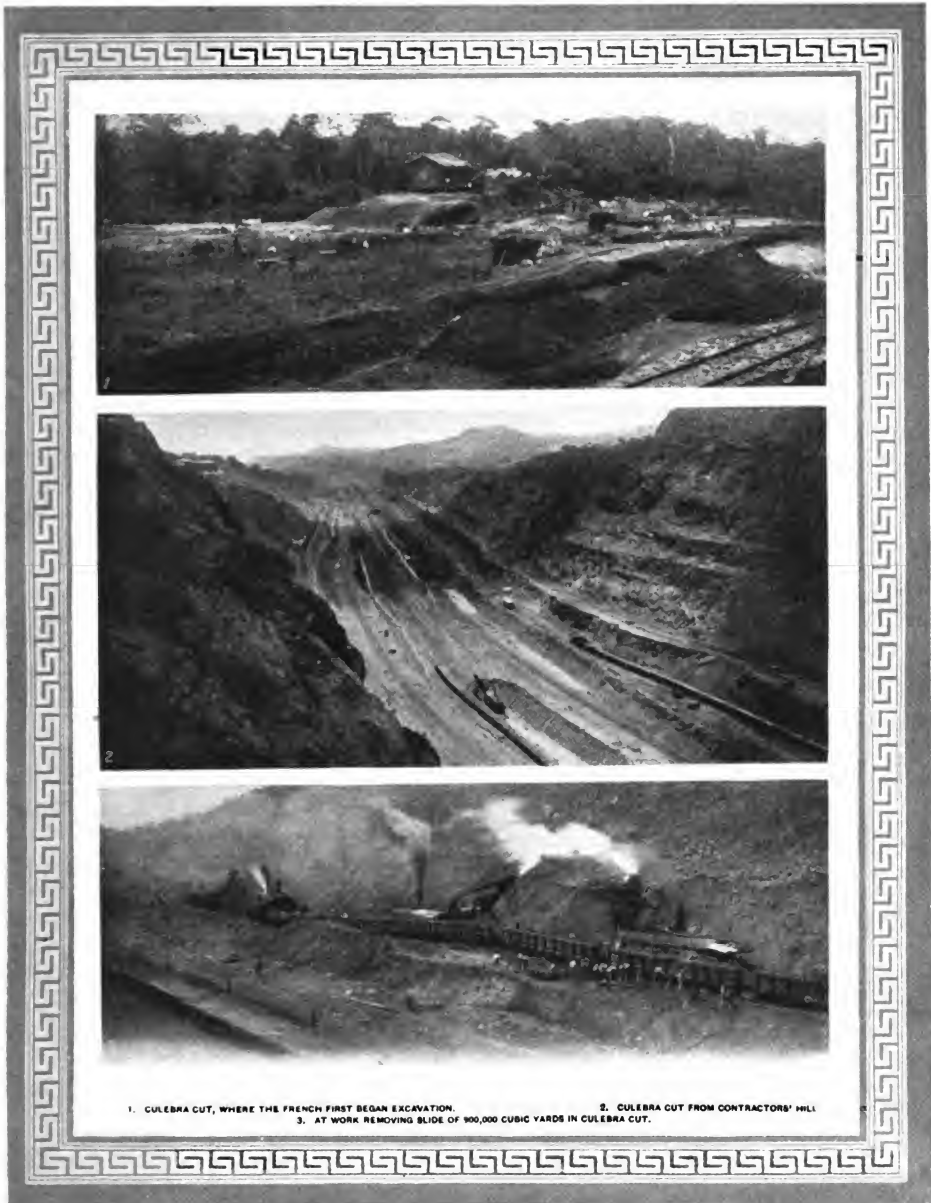
WHEN the Canal is opened for traffic the traveler seated in the shade on the upper deck of an ocean liner will perhaps note with interest an impressive cañon through which his vessel is quietly and quickly passing. Not a sound comes from the distorted and rugged slopes on each side, but it is here that men by the tens of thousands labored and sweated, and the traveler should remember that the air once vibrated with the rattle of machinery, the hiss of escaping steam, and the shrill shrieks of whistles mingled with the frequent, ground-shaking roar of dynamite. He is going through Culebra Cut.



A DYNAMITE BLAST IN CULEBRA CUT

Above is shown Page 2 of letter-folder "vehicle" carrying the message of a financial institution. This is reduced in size to allow for reproduction, the original being of the same size as the ordinary letter-head—8½ x 11 inches.

This series, divided into twelve sections, includes an authentic boiled down history of this great undertaking by our Government at the Isthmus.



Page 3 of the "vehicle" appears in the letter-fold'er opposite Page 2 (as shown on the preceding page) and indicates the great value attached by the publicity specialist to pictorial matter to secure and retain the attention of persons who are on the bank's mailing list. Nearly all of the pictures appearing in this series are from the Isthmian Canal Commission, Washington, D. C.

The fourth page of this double letter-head folder was without printing of any kind whatsoever.



M. A. T. GILLBEE

OF THE DESIGNING DEPARTMENT

During the past year Mr. Gillbee has given considerable attention to the designing of "educational" calendars — important because it is the object to make calendar expenditure profitable as the result of being changed from what is in effect a souvenir into constructive educational publicity.

completed by the man who studies financial publicity is in great measure both within as well as on the outside of the bank."

CONSTRUCTIVE PUBLICITY.

"Could you give me any more definite suggestions for carrying on a publicity campaign?" I asked.

"Your question itself is so general that it hardly admits of a specific reply. But I may say that the one thing to be borne in mind when deciding a campaign to properly mold public opinion in a community is that the banker himself shall be able to discern between so-called clap-trap and constructive publicity.

"By clap-trap is meant that material

on which his bank's name should never be placed because of possible incongruity between the vehicle and the institution. In ninety-nine cases out of a hundred such material is sold by the so-called 'live-wire' salesmen. Be it said to the credit of many bankers that much of such material contrary to correct ethics in banking, when later reviewed, remains in the basement and eventually reaches the furnace.

"By constructive publicity I refer to vehicles that present the institution harmoniously in the vision of the depositor or prospective depositor and which are largely educational.

"It is not so material to the directing head of a financial institution whether his literature is in the form of a house-organ, mailing-card, booklet, letter-folder or something else; the vital questions to him are whether it is ethical, of the right quality, distinctive, and, last and most important, says the right thing. Upon these qualities or lack of them depends its efficiency or inefficiency—its resulting profit or loss.

EDUCATIONAL VEHICLES.

"An educational vehicle is of value in proportion to the number of persons in each family and in each community that it will reach, and whose attention it will enlist and retain, and, by association of ideas, tend toward a favorable reception of the direct appeal made by the bank.

"If you wish to go into the details of *bank business building* as we view it and get a correct perspective of the work being done by financial institutions that use what is termed Educational Publicity, it would be well to approach with an open mind the subject of *service*.

"In this connection may I repeat what was said as to our conception of the position and relationship of the bank to the community? Surely, it is far more than a mere private business enterprise—it is a *semi-public institution*. Its progress is measured by the advancement of the community; its prosperity is closely interwoven with the welfare

THE UNION & NEW HAVEN TRUST COMPANY

NEW HAVEN CONN

January 20, 1915

To our Friends:-

The purpose of every reliable financial institution is to further the progress of the community by helping its citizens to profit.

In order to be successful in the largest measure, it must be in a position to offer **DISTINCTIVE SERVICE**--service which is designed to meet to the fullest extent every ordinary or special requirement of every corporation, firm or individual within its scope of operation.

Thrifty and far-sighted persons are coming to a more general appreciation of the profit resulting from the **DISTINCTIVE SERVICE** received through affiliation with an institution having both banking and trust facilities. The Officers of a Trust Company secure a broader knowledge of your needs and are thus better able to understand your combined trust and banking requirements.

The Officers of this Institution invite you to call and talk this matter over personally.

T.M.-7

Very truly yours,

THE UNION AND NEW HAVEN TRUST COMPANY


Treasurer

Above is presented in reduced size the first page of a "vehicle" designated as a note-head folder. At the top in facsimile appears the bank's letter heading and the active officer's name also usually appears at the end of the letter in facsimile reproduction.

These educational messages treat on every function and phase of banking and trust service. An especially important angle of these letters is that of individualizing the bank in the community--causing its *distinctive* service to be evident.

Alaska: Our Wonderland



Sitka—Seat of Government from 1805 to 1906

THE Purchase of Alaska by the United States in 1867 was perhaps the most wonderful investment that has ever been made in the history of nations. Acquired from Russia by treaty for the sum of \$7,200,000, this vast territory, which today is in only the initial stages of development, has in less than half a century of American ownership already yielded over \$525,000,000 from its mines, fisheries and furs alone, promising even far greater things for the future.

Early History: The region now known as Alaska was first explored by the Russian officers Bering and Chirikov in 1741. The first settlement was made by the Russians at Three Saints on Kodiak Island in 1784, and in 1804 they founded Sitka, which a year later became the seat of government for the Czar's domain in America.

Under United States Rule: At the time of its transfer to the United States, the laws relating to customs, commerce and navigation were extended to Alaska. United States troops were stationed at Sitka for about ten years.



Alexander Baranof
Early Russian
Governor

No local government of any kind was instituted, however, until the passage of the organic act of 1884, act providing a civil government which extended over the territory the State of Oregon as far as applicable, created a judicial district to enforce the mining laws of the territory and an administrative system by the President.

United States Statutes were enacted in 1889 Congress passed a commercial code for Alaska, and a year later a civil code; in 1906, for the first time, the territory was accorded a limited representation in Congress.

Territorial Legislation: In 1912 a bill was enacted by Congress creating an elective territorial legislature for Alaska, to consist of a Senate and a House of Representatives (two Senators and four Representatives from each of the four judicial districts into which the territory was divided in 1909) and to meet in Juneau, the capital, on the first Monday of March every odd year.

Governor's Mansion—Juneau



Alfred P. Swineford
1st Active Governor
Under U.S. Rule

In 1912 a bill was enacted by Congress creating an elective territorial legislature for Alaska, to consist of a Senate and a House of Representatives (two Senators and four Representatives from each of the four judicial districts into which the territory was divided in 1909) and to meet in Juneau, the capital, on the first Monday of March every odd year.

During the first sixty-day session, held in 1913, considerable progressive legislation was enacted. It is interesting to note that of the eighty-four laws passed at this time the first to receive the votes of both houses of the territorial legislature and the signature of the Governor was an act extending the franchise to women.

Communication: Mail facilities are constantly being improved; and excellent service is rendered by the cables, telegraphs and wireless stations operated by the Government.



J. F. A. Strong
Appointed Governor
in May 1913

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Page 2 of this vehicle presents a section of Alaska as the auxiliary subject. This literature is generally conceded by authorities to be the most comprehensive bird's-eye picture of the Territory that has been published.

Delegate Wickersham: In the administration of Alaskan affairs, Hon. James Wickersham has been very active for many years. After serving for eight years as United States District Judge for the Third Division of Alaska, Mr. Wickersham, in 1908, was elected Delegate to Congress. The passage of the Alaska Legislative and Railway Bills, both of which he introduced, was largely influenced by his indefatigable energy in working for the best interests of the territory. His speech on the Railway Bill was the longest ever delivered in the House of Representatives, Judge Wickersham holding his hearers spellbound for five hours and forty-five minutes with his graphic description of Alaska and its great possibilities.



© Morris & Ewing
James Wickersham,
Alaskan Delegate to
United States

Area: With an area of 590,884 square miles, one-fifth of the total extent of the United States and twelve times that of New York State, Alaska is probably the largest political division in the world presided over by an official other than a president or a sovereign. From its easternmost to its westernmost point the distance is equal to that from the Atlantic to the Pacific in the latitude of Los Angeles, and the furthestmost northern and southern points are nearly as far apart as our Mexican and Canadian borders.

Population: The latest government census shows the permanent population to be about 64,000, of whom 36,000 are whites. These figures are increased by many thousands in the summer with the annual influx of miners, cannery employees and others.

Climate: Many people mentally picture Alaska as typically an Arctic province. As a matter of fact, nearly three-quarters of this territory lies within the North Temperate Zone. It is not generally known that the range of climate here is greater than that between Florida and Maine, but in a country extending from latitude 54° 40' to latitude 71° 30' N.,



Court House—Juneau

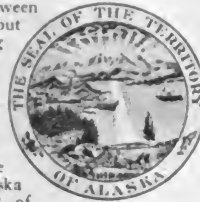
from longitude 130 W. to 172 E., and from tidewater to over 20,000 feet elevation, there are, naturally, widely diversified climatic conditions.

Commerce: In 1912 shipments both from the United States to Alaska and from Alaska to the United States for the first time passed the 20,000,000 dollar mark. The commerce of Alaska for the fiscal year 1914 reached the grand total of \$61,076,692, of which \$59,344,678 was with the United States.

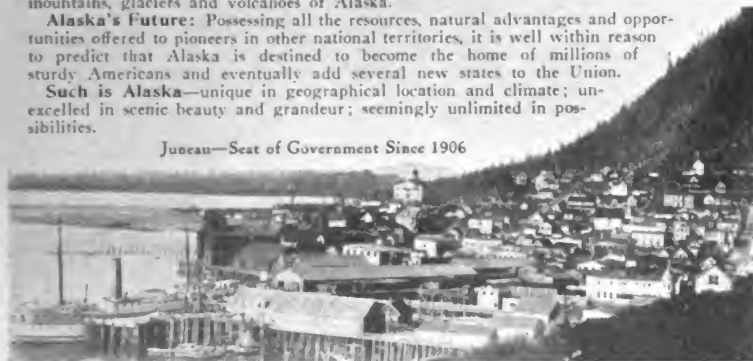
Scenery: Thousands of Americans annually visit the Old World to enjoy its scenery, to view the fiords of Norway, the mountains and glaciers of Switzerland and the fires of Vesuvius, not knowing that these are dwarfed by the greater fiords, mountains, glaciers and volcanoes of Alaska.

Alaska's Future: Possessing all the resources, natural advantages and opportunities offered to pioneers in other national territories, it is well within reason to predict that Alaska is destined to become the home of millions of sturdy Americans and eventually add several new states to the Union.

Such is Alaska—unique in geographical location and climate; unexcelled in scenic beauty and grandeur; seemingly unlimited in possibilities.



Juneau—Seat of Government Since 1906



SECTION SEVEN

Comparative Areas



ALASKA ONE-FIFTH THE SIZE OF UNITED STATES

Balance Sheet

United States in account with Alaska			
Dr.			Cr.
Production	Dollars	Total cash disbursement	Dollars
Minerals:		Purchase price	7,200,000.00
Gold	228,512,471.00	Treasury, 1867-1913 . .	27,795,525.92
Silver	2,037,280.00	Post Office, 1867-1913 . .	6,564,642.90
Copper	16,074,625.00		
Gypsum	647,345.00		
Marble	555,443.00		
Tin	88,062.00		
Coal	340,189.00		
Sea and fur products:			
Fur seal skins	52,042,528.00		
Aquatic furs, except seal	12,616,937.00		
Furs of land animals	9,537,081.00		
Walrus products	368,053.00		
Whalebone	1,707,410.00		
Fishery products	182,569,625.00		
Total cash receipts .	18,588,278.72		
	525,685,327.72	To balance due Alaska	484,125,158.90
			525,685,327.72

(Extract from Congressional Record 63rd Congress 1914)

On Page 4 of each of the twelve note-heads folders appear unique diagrams, maps and tables in which, at a glance, the big aspects of the subject are quickly seen.

of every individual resident within its scope of operation.

"This semi-public institution—the bank—has a duty to perform to the men, women and children about it. It is in some respects on a par with the school—it has an educational mission, in that it devolves upon the bank to educate the people to thriftiness and wise administration of finances, thus leading to individual financial progress as well as community advancement.

"Business building for a banking institution, therefore, properly includes not only the elimination of such false notions as may exist regarding the attitude of the banker, but the education of the people in the most effective manner as to the fundamentals of financial progress. In other words, to each of the John Smiths of the community the bank has opportunity to bring a course of education in methods of advancement.

"Such a course of education as is needed by these individual John Smiths can be embodied in a series of messages, and comprise the primary campaigns.

It should not only form a course of instruction regarding the service of the bank and the benefits of banking contact, but at the same time in the banker's conversation in print with John Smith it is absolutely essential that the bulk of his discussion should concern the ordinary problems of John Smith, citizen, and show the logical solution to ensue as the result of his banking affiliation.

SPECIAL TREATMENT.

"In addition to conducting such a course of instruction in his community, the banker also needs to back up and supplement this with special side lights and individual treatment of different cases or classes of cases. To properly take care of this supplementary attention upon the part of the bank, we extend our auxiliary or professional service and advice.

"This auxiliary service is designed to take care of all local or emergency problems that arise from day to day, through the efforts of the banker to



One of a series of cards forming an arch in rearing the educational structure required to make each person a bank depositor. The season of sowing carries a message of the coming harvest—appropriate to the month of April, the time the card is sent out.

The original of this card is beautifully printed in gold.

More than 25,000,000 of these cards have been used by the banks of the United States.



THE PLANT, DEVOTED TO IDEAS IN AND ON PAPER, OCCUPIES AN ENTIRE CITY BLOCK AND HAS A FLOOR AREA OF 300,000 SQUARE FEET

perfect the influence of his institution and enlarge the volume of service enjoyed by each individual patron. This we believe is business building with the best tool available in modern business—the specialist's assistance—and upon this hypothesis we base our efforts to assist the banker to obtain new customers, hold those he has and increase the volume of business with each.

"To briefly present a broad and accurate conception of the scope and purpose of this auxiliary service it might

be compared with the professional service of the lawyer or engineer. Officers toward the public as a vital factor in gaining and holding patronage; going on to the matter of the co-operation of stockholders in extending the influence of the institution, and from that to the co-operation of depositors, and co-operation among different departments in helping one another.

"These Bulletins deal with such important subjects as inactive accounts, and the handling of overdrafts and overdue notes—matters which are recognized as requiring great diplomacy



SECTION OF GENERAL OFFICES

be compared with the professional service of the lawyer or engineer.

MONTHLY BULLETINS.

"An important part of our work is the issue of 'Monthly Service Bulletins' on the 15th day of each month, which treat in a suggestive way on various fundamental problems which the banker meets from day to day. These Bulletins take up the question of business building from within the institution, treating on the matter of deportment and attitude of the employees and of-

coupled with the firmness necessary in order to keep transactions of the bank upon the proper ethical plane.

"Most of what might be called 'routine' matters—that is, daily incidents and occasions which come before practically all bankers—are treated in large measure in the Monthly Service Bulletins, in which we explain to the banker the principles underlying the handling of each problem, and present to him examples prepared to take care of each individual exigency. Included in these also appear many illustrations of distinctive advertisements featuring times



SECTION OF ACCOUNTING DEPARTMENT



DESIGNING DEPARTMENT

In the Designing Department perfection and high ideals cause much to go in the discard. It is the aim to have every line and color symmetrical and harmonious.



PRINTING DEPARTMENT

of celebrations, such as Christmas, Fourth of July, etc.; letters to accompany dividend checks to stockholders; letters of congratulation upon the occasion of a birth, graduation, marriage, engagement or some other important event in the human life; letters and advertisements to announce removal, new bank building and the like; letters on reorganization and other events in the career of a bank; and so on almost without limit.

"Of course, it is easily understood, however, that the Bulletin can present only suggestions and principles fundamentally applicable and is designed to bring about a request for the specialized, individualized attention required for a particular condition and circumstance.

"The scope and extent of the professional assistance of our service staff is so nearly limitless that no examples of our work in this connection will give a complete or even a measurably comprehensive idea of the vast range of activities it comprises. The best I can do is to point out certain examples of

this service to indicate its trend and bring to your attention suggestions as to how it has been used.

SPECIAL INDIVIDUAL REQUIREMENTS.

"To recall some of these examples, I will mention a few selected for their variety and their especial applicability to individual requirements.

"Here, for instance, is a 'presentation talk' to be used by a West Virginia banker in handing his 1915 calendar to friends.

"In another case, a Maine banker asks for letters that will bring to his bank the accounts of the summer colonists residing in the vicinity. Acting on our advice, he secured the deposits of sixty-five per cent. of the colonists to whom invitations were sent.

"A third—a national bank—requires a newspaper article on the Federal Reserve Act for a special edition of a local paper.

"Here a Pennsylvania banker asks for letters to be sent to newcomers inviting



EMBOSSING DEPARTMENT

them to use the facilities of his bank; also for letters to be sent to employees of a new State institution located in his city.

"Out in Oregon a bank wants literature for a Scandinavian settlement.

"An Alabama bank has a new cashier who is enterprising, and not only wishes to inform people of the change of management but of the installation of additional facilities and increased capital.

"A Florida banker has advertised extensively for deposits by mail, but had made no effective plans to care for the numerous replies as they came in. It was part of the service we render to prepare his follow-up material.

"Here is a request from a Massachusetts institution, a national bank, that is especially well situated to act as reserve agent for trust companies located in that State, and also in a position to render exceptionally attractive service to savings banks in the way of carrying balances. This bank, therefore, calls upon our staff to prepare literature to go to Massachusetts trust companies, setting forth the ad-

vantages of the service they offer, and another message for savings banks.

GENERAL CONDITION REPORTS AND FORECASTS.

"Akin to our Monthly Service Bulletin, but serving an entirely different purpose, is the 'Collins Forecast,' which is a monthly report of general conditions. This is forwarded on the 25th of each month, giving a bird's eye view of crop conditions, building operations, railroad earnings, idle cars, cotton quotations, foreign trade, gold movements, business failures, manufacturing facts, conditions in the steel industry, commodity prices, bank clearings, and other information of value to the banker and to his community. This accurate survey of trade conditions is appreciated when one understands our extensive facilities for gathering such data.

NEWSPAPER ADVERTISING.

"So far I have not mentioned the writing of newspaper advertising

'copy.' This may seem somewhat peculiar, because of the fact that the common conception of publicity is the use of newspaper or magazine advertising space. But I have purposely avoided the mention of newspaper 'copy' because our conception of publicity is so far removed from the ordinary views upon this subject, and our Service so much more far-reaching

who, realizing the semi-public character of his institution, desires to take a prominent part in aiding diversified farming, especially corn growing, in his county. For this purpose he intends to offer prizes and conduct an interesting corn contest among the farmers of his vicinity.

"On the 5th of each month newspaper copy for the ensuing month goes for-



FOLDING, SORTING AND MAKING PACKAGES

than the mere writing of newspaper advertising 'copy.' As a matter of fact, we strongly recommend the direct method of seeking business as far preferable and more economic than general publicity.

"We recognize, however, that it is often good policy on the part of the banker to use space in the local paper. Our staff is therefore frequently called upon to write newspaper advertising 'copy,' and some of the most interesting 'copy' that has been prepared has been along the line of specializing some unusual service of the banking institution. As an example, here is a copy of a newspaper advertisement written for a South Dakota banker, a public-spirited man,

ward to each institution using this form of publicity. Thus you see that this, coupled with our Bulletins, Forecasts and Emergency Work, causes us to be in touch with clients practically every week throughout the year; and when you realize the enormous detail that all this includes, you see the necessity for the many workers employed in each of our departments.

"Of course, our Auxiliary Service, as well as our Primary Campaigns, is called upon to meet the requirements of all classes of financial institutions, including national, State and private banks, trust companies, commercial banks, savings institutions and building and loan associations.



SHIPPING DEPARTMENT

"The big point is that, no matter what the nature of the banker's request for assistance, he gets the benefit of the composite opinion of a staff of specialists of varied capabilities, based upon experience in helping hundreds of other bankers with similar problems. Back of the mere sheets of typewritten copy, advice or suggestions—back of the Monthly Service Bulletins and other messages emanating from our staff—are the accumulated knowledge and experience of many minds concentrated continually in the service of a multitude of banking institutions, reflecting in the aggregate practically every difficulty that bankers have sought to overcome in their efforts to create and hold patronage.

"Surely, I have now answered your query. 'Tell me all about the work of the Collins organization.'"

THE LAST QUESTION.

But I still had one more question to ask—a question to which I awaited his answer with great interest. "In a few words, tell me to just what end do you consider that such educational propaganda carried on between bank owners and non-bank owners tends?"

"Well, if we want to look at its best aspect, I think we will agree that it assists in the making of character. Remember that the bank depositor, educated to make use of the bank as a part of the community's co-operative machinery, is naturally inclined to be a better citizen. He has practiced self-denial and thrift, and he has learned self-reliance. The bank has aided in developing that character, just as the depositor has aided in developing the bank—the service is mutual. Hence we help make men and women better—help them to develop character; and we all know that there is no enduring happiness or prosperity worth having of which character is not fundamental."

At the conclusion of my interview, I was introduced to the heads of the various departments into which the work of the Collins organization is divided. My visit to and through this establishment brought me to a deeper realization than I had ever had before that this is indeed an age of specialization—concentration upon one thing—as the Collins Publicity Service concentrates, through the medium of correct publicity, on greater efficiency in banking institutions.

Banking Publicity

Conducted by

T. D. MACGREGOR

A Progressive Advertiser

The Northwestern National Bank of Minneapolis Uses Excellent Publicity

THERE are not many banks that go in for hand-lettered work in their advertising. Therefore special interest attaches to the specimens of this kind of work from advertising of the Northwestern National Bank of Minneapolis in the Symphony Orchestra programme of that city.

In submitting this matter, together with some newspaper advertisements, Frank Merrill, Head of the Information and Publicity Department of that bank, writes:

While all are not considered wholly successful, they may be of interest to your advertising department, particularly, perhaps, the experiments with hand lettering. The advertising policy of the Northwestern is doubtless more conservative than that of

some commercial banks whose class of business is similar, but it nevertheless values highly certain forms of publicity.

The two newspaper advertisements speak volumes for the prosperity of the Northwest, one of the world's greatest granaries.

From the "Northwestern National Bank Review" is taken this first report of the Federal Reserve Bank of Minneapolis, after about two weeks of operation, at the close of business on Friday, November 27th, 1914:

Capital (first install- ment)	\$ 808,301.92
Reserve deposits (first in- stallment)	7,772,534.93
Federal Reserve notes in circulation	175,000.00
Loans and discounts	175,000.00
Gold on hand	8,467,950.00
Legal-tender certificates on hand	67,591.00

[illegible]

VERY ARTISTIC

GRAIN DRAFTS

amounting to several million dollars daily are being sent to Minneapolis for collection. The wisdom of a banking connection in that city is apparent.

A direct routing of these drafts saves at least twenty-four hours in final payment

No bank in the Flour City handles this class of paper more speedily or satisfactorily than the *Northwestern National*. The efficiency of its

Grain Draft Department

is the result of forty-two years' experience gained directly at the world's largest primary market.

Northwestern National Bank

MINNEAPOLIS, MINNESOTA

Total Resources \$41,000,000.

THE LARGEST VOLUME OF BUSINESS

ever transacted by this bank in one month was reached in October, 1914. The figures then exceeded by \$50,000,000 the corresponding figures for October, 1913.

Also the year ending October 31, 1914, was the largest ever reached by *The Northwestern National Bank*. The total volume of business for the year exceeded two billion two hundred million dollars.

By "volume of business" is meant the aggregate of all checks, cash, drafts, etc.—the total of all amounts credited upon its book during a stated time

Northwestern National Bank

Minneapolis, Minnesota

PROSPERITY

Saving by Plan

AN average of forty new savings accounts a day for fifty consecutive business days is the result of a systematic "Save by a Plan" campaign recently inaugurated by the California Savings Bank of Los Angeles.

The bank issues handsomely lithographed savings certificates in amounts of \$50 and \$100. Inserted in book form with these certificates are pages for recording fifty weekly payments (or deposits), and also the simple rules governing the sale of the certificates, which are practically the same rules that govern ordinary savings accounts.

These savings certificates are sold on the easy payment plan of \$1 or \$2 a week, and the bank makes the first payment, which is only the anticipated four per cent interest and is in lieu of all other interest and may not be withdrawn unless the depositor makes forty-nine weekly payments.

Solicitors were used to supplement the newspaper advertising.



"If I Were A Banker"

IN one of its "Advertising Talks," "The Evening Wisconsin" of Milwaukee tells bankers how to advertise, as follows:

IF I WERE A BANKER

Do you know what I would do?

I would CREATE a lot of new business. I would educate people—teach them the advantages of a bank account, and I believe that I could develop for my bank at least a thousand new depositors and \$10,000 or more in deposits.

How would I do it? I would start a sort of combination saving and checking department. I would open accounts with a ten dollar deposit, this amount to draw interest at two per cent per annum, but not to be checked out. Then I would furnish each depositor with a special check book allowing four checks to be drawn each month, and only four.

This would make it possible for the depositor to pay his rent, his gas bill and similar household expenses by check and would inculcate him with the banking habit.

I would encourage saving by allowing interest at the rate of three per cent per annum when the monthly balance exceeded \$100.

Then, when I had these arrangements made, I would start a little advertising campaign addressed to young married couples, the average young man and to families in moderate circumstances. I would make this campaign educative. I would show them the

value of a check as a receipt; the prestige that a banking account would give them; the advantages of saving; and so on.

And I would convince them that my plan was originated entirely for their benefit and that my one object was to help them.

I would pick out one newspaper as a starter and confine my advertising to it until I could afford to spread out.



How Banks Are Advertising

Note and Comment on Current
Financial Advertising

A VERY handy "Digest of the Documentary Stamp Tax" was issued for the benefit of its customers and the public by The Cleveland Trust Company.

The St. Louis Union Trust Company gives out a convenient little dime bank, the object of which is to get the recipient to start a savings account. Secretary B. W. Moser says:

Our experience has been that a bank's main value lies not in building balances, but in getting the name on the books. After the account is opened, we use various plans to encourage saving, one of which is that of writing letters to our depositors on this "picture letterhead." In order to save postage as well as to avoid writing to people who might for various reasons object to receiving mail, we place the letters in books as presented, using a checking system to avoid duplication.



The National Bank of Commerce, Williamson, W. Va., has been using some letters from depositors in recent

**Forehanded is
4-Handed**

Forehandness doubles your efficiency because capital saved works for you, and, freed from money worries, you work better for yourself.

Build up your savings account at this bank.

OPEN SATURDAY EVENING.

**THE MERCHANTS
NATIONAL BANK**
CAPITAL AND SURPLUS \$500,000
UNDER GOVERNMENT SUPERVISION

THE EUROPEAN WAR

By cutting off the supply of many foreign goods heretofore used, will make it compulsory upon many people here to use American goods of similar quality and lower price.

The money thus gained ought to be personally saved by being deposited in a savings account where it will benefit the depositor, the bank and the community.

FARMERS STATE BANK, LEWISTOWN, ILLINOIS

Look Back

and figure what you might have saved had you begun a year ago as a consistent money saver at the Wisconsin National Bank. Then

Look Ahead

and figure how much better off you will be in a year if you begin NOW with a definite aim, and stick to it.

**THE WISCONSIN NATIONAL BANK
OF MILWAUKEE**

*"A dollar is a small amount,
But it will start a bank account."*

This bank does not insist upon a large first deposit for the opening of a savings account.

In fact we are very glad to open an account for one dollar, knowing from long experience that many such accounts have been most satisfactory both to the depositor and to us.

Perhaps you have had a certain hesitancy about opening a very small account? If so, we would appreciate your calling at our savings department and talking over the matter with our manager, Mr. Wm. Haas. By so doing you may learn many things of interest about the service rendered.

**The First National Bank
OF MILWAUKEE**

Those Burglaries—

you read about so frequently nowadays emphasize YOUR need of safe Deposit Protection for your prized keepers.

The next time you are passing by the Merchants National Bank Building drop into our safe Deposit Department and let the custodian show you what this protection really means. You will be surprised to see how large a box can be rented for the same price.

Don't put the matter off. It may be ready to do so.

**UNION TRUST &
SAVINGS BANK**
THE MARBLE BANK BUILDING
SPRINGFIELD, ILL. \$500,000

**LAKE COUNTY
NATIONAL
BANK**

We feel that the New American Bank System now in operation will be a bulwark of security for the national integrity of the country, and for the benefit and protection of Patrons of Member Banks.

We feel proud of our membership, and as a Stockholder in the National Reserve Bank at Minneapolis, believe that we are in a better position than ever before to extend to you a service both valuable and helpful.

"SAFETY FIRST"

Lake County National Bank

**AT THE BOTTOM
OF THE LADDER**

That is where the vast majority of people must begin their climb to financial success or competence. Very few, comparatively, start their careers near the top, and there are more "knocks" than "boosts" on the way up.

One round silver dollar or a one-dollar bill will start your savings account at the Batavian National Bank. What it leads to will depend largely on yourself.

Batavian National Bank
United States Depository
Capital and Surplus, \$250,000.00.
Established 1861 Le Cress, Wisconsin

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

ANNOUNCES ITS REMOVAL TO

37 BROADWAY

AND CORDIALLY INVITES YOUR INSPECTION

OF ITS NEW OFFICES

ANNOUNCEMENT OF REMOVAL

newspaper advertisements. One of them reads:

I want to thank you for your kind treatment during the past two years. You have been more generous toward me than I deserved, and I am deeply mindful of it all; I hope to be of some use to your institution some day, for which I have the very highest regard.

©

A Western bank thus advertises to women:

Knowing how backward many of you feel about banking, the Citizens Trust and Savings Bank has spared no pains to make banking just as simple for you as the purchase of an article at a store.

We maintain a private section for women, separate from the main lobby. This section is equipped with its own desks, writing materials, forms, telephones, etc., as well as ample soft, restful chairs; and a courteous attendant is always ready to assist in every possible way to make your banking simple, easy and expeditious.

You are cordially invited to test out this special service. One dollar opens an account.

©

"Adjusting Expenses" is the title of a good leaflet used by the East Brooklyn Savings Bank to stimulate savings.

©

The advertisement of the Lake County National Bank, Madison, S. D., is one of many good ones we have seen touching on the new banking system and its benefits to depositors of member banks.

The savings advertisement of The First National Bank of Milwaukee is a good one in several points. One was position at top of column next to read-

Crush the Enemy!

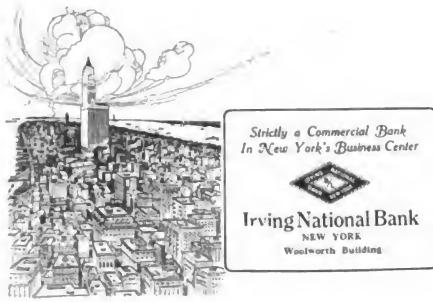
In the great and never-ending battle Thrift is surely and steadily driving the enemy Wastefulness off the field. Reverses are few, and each step gained seems to make the next forward movement much easier to accomplish. Victory is in sight.

Each dime added to a savings account in this bank is a point gained against your great personal enemies — Wastefulness, Carelessness, Extravagance. Dimes and small sums are your weapons. With them you can crush your enemy.

The Dime Savings Bank

ADAMS AND SUPERIOR
BROADWAY AND WESTERN

A TERSE THRIFT TALK



LOCATION AS AN ADVERTISING ASSET

ing. Another is the large type, and another the use of the name of the manager of the savings department. Perhaps there is too much copy in the ad. and undoubtedly it would have been better to have given the name of the author of the couplet used as heading, or else to have left off the quotation marks.

©

The prolific advertising department of the Wachovia Bank & Trust Company, Winston-Salem, N. C., got out a six-page leaflet recently which was practically a house-organ, as it contained a number of timely articles and what might be called news items concerning the institution.

©

A rather unusual combination of folder, booklet and mailing card was sent out under a one-cent stamp by the Merchants National Bank of San Francisco. A twelve-page booklet and cover, saddle-stitched, was tipped on to the inside of a ten-page folder, one of whose pages contained space for addressing as in a post card.

©

One of the best talks on "Security" we have read in a long time is contained in a statement folder of the Lemoyne (Pa.) Trust Company. An extract follows:

If there are those who believe that our object should be to grow big, we do not agree with them. If there are those who believe that our object should be to pay dividends, we do not agree with them. Our paramount object is to afford security, and is not to grow big or pay dividends; for it is only by affording absolute security that we can render efficient and satisfying service in the growth and development of our banking community.

If by increasing our security we also grow big, well and good. If by increasing our security we are also enabled to pay dividends, well and good. But whatever we do in the conduct of this Trust Company, we do because we believe it will help us to afford security and render service. If we solicit a prospective patron, we believe that he or she will assist us in maintaining the security of this Trust Company and the efficiency of its service. If we discourage a patron, it is because we believe that the patron's business endangers the security of this Trust Company and the efficiency of its service.

WILLIAM J. HENNING, President
ROBERT L. CHANDLER, Cashier

HENRY F. PHILLIPS, Treasurer
EDWIN HENNING, Secretary

THE PUTNAM TRUST COMPANY

OF GREENWICH, CONN.

CAPITAL & SURPLUS \$150,000.00

GREENWICH, CONN. January 19, 1913.

Dear Sir:

An objection that has been made to Greenwich is that it is expensive to live here. A reason, and an important one, why this is so is that there are many residents of this town who do not patronize home institutions, particularly banks.

Do you realize that there is not, and has not been for years, sufficient money in the banks and trust companies of this town to take care of its legitimate monetary business needs?

Would you be surprised to learn that the current money loaning rate is higher than in any other town of its size in this vicinity?

If you should ask how this matter interests you, I wish to point out that interest on capital is a part of the cost of every commodity you purchase. A reduction in money rates, which would follow an increase of bank deposits, would lower the cost of living in Greenwich, and I assume that a saving in your expenses would be of interest to you.

I respectfully ask, therefore, that you carry an account, even if it be a small one, with a local institution, and if you do so already, that you use your influence with others to do the same.

In this connection I submit for your consideration the standing, the service and the conveniences furnished by this institution. One of these conveniences is that checks on our company may be made payable at a bank in New York as well, thus giving the advantage of a town account.

Sincerely yours

W. J. Henning, President

AN ADMIRABLE LETTER

This same institution does a rather unusual thing in offering patrons and visitors the use of *adding machines* and *typewriters* in addition to the directors', consulting and private rooms.

⊙

Extracts from comments on certain ads. recently submitted to us for criticism may be helpful to others:

"First Comes Strength."

Money for deposit or investment is a very timid thing, and in a bank ad. we never want even to suggest the possibility of a bank failure as is done in your sentence, "Circumstances beyond the control of any man sometimes involve a bank," etc.

"You, the Woman."

Meaningless heading. "Ten Minutes at your Desk" would be a better one, or "Pay all your Monthly Bills in Ten Minutes." The last sentence, "Come in and let us explain anything you may wish to know," is

undertaking a pretty big contract, when you stop to think of it.

"What Hinders You?"

Heading ought to be more definite. There are a thousand things about which such a question could be asked.

"What You Don't Know."

The subject matter of this ad. is better than the heading, which might offend some by its air of superiority.

⊙

W. D. Vincent, Vice-President of the Old National Bank, Spokane, Wash., writes us:

We are enclosing herewith a booklet, "How Women Bank with the Old National." We feel that this might be helpful to others in securing business of this kind, and we trust that you will find it worth while to make mention of it in some way, so that other bankers may get the benefit of it if it has any value to them.

*It is the hope of this
bank that the coming year
may find our influence
extending beyond the
circle of our customers
and that we may be of
some little service to the
community*

Chas. S. Galewell
President

[From "The Advance," published by the Corn Exchange National Bank, Philadelphia. This message tersely expresses the idea of community service.]

Go Ahead

and do business.

We are not at war.

There is plenty of money for all business requirements.

Our crops are far above the average.

We can now manufacture everything we really need.

Let's get to work.



CORN EXCHANGE NATIONAL BANK

PHILADELPHIA

CHESTNUT AT SECOND STREET

A GOOD EXHORTATION

This is the best booklet of this kind we have seen. Its attractive "get up" will appeal to women, while its clear and interesting matter and illustrations render it genuinely helpful to them.

©

The Metropolitan Trust Company of the City of New York has recently issued two unusually effective advertising booklets. The larger one deals very completely with its fiduciary service, the matter being handled with a clarity not always found in such booklets. The smaller one deals with the general banking service of the institution. The covers of both booklets are ornamented with a Vernon Howe Bailey etching of New York's skyline viewed from the Bay. The typography is all that could be desired.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets folders and other advertising matter issued by them. Subscribers can get on this list free of charge by writing to the editor of this department.

Watch for new names and other changes.

F. R. Adams, Will Co. National Bk., Joliet, Ill.
 American National Bank, Richmond, Va.
 D. Ansley, care Central Trust Co., San Antonio, Texas.
 Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.
 A. F. Bader, publicity manager, City National Bank, Evansville, Ind.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York.
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 C. J. Bevan, cashier, Exchange Bk., Genoa, Ill.
 E. L. Bickford, cashier, First National Bank, Napa, Cal.
 W. O. Booser, treasurer, American Trust Co., Jacksonville, Fla.
 R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

Bank of San Rafael, San Rafael, Cal.
 E. M. Baugner, president, The Home Building Association Co., Newark, Ohio.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
 E. C. Burton, vice-president, Penn. National Bank, Chester, Pa.
 Stephen L. Burwell, vice-president, First National Bank, Jackson, Miss.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Citizens National Bank, Oconto, Wis.
 Commercial Bank, Midway, Kentucky.
 B. S. Cooban, 518 W. 63rd Street, Chicago, Ill.
 H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
 David Craig, Tradesmens National Bank, Philadelphia, Pa.
 Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 E. B. McWilliam, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Eklrch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, publicity manager, Guaranty Trust Co., New York.
 Federal National Bank, Denver, Colo.
 The Franklin Society, 38 Park Row, N. Y.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Jas. P. Gardner, Montclair, N. J.
 B. P. Gooden, advertising manager, New Netherland Bank New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, manager publicity department, The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 D. L. Harlee, Manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 Jessamine G. Hoagland, publicity manager, National City Bank, Chicago, Ill.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 N. W. Johnston, president, Illinois Trust & Savings Bank, Champaign, Ill.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. E. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Kennett Trust Co., Kennett Square, Pa.
 Grover Keyton, New Farley National Bank, Montgomery, Ala.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 M. R. Knauft, assistant cashier, Merchants National Bank, St. Paul, Minn.
 George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kans.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 A. E. Lindhjem, assistant cashier, Scandinavian American Nat. Bank, Minneapolis, Minn.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Will E. Morris, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord., Neb.
 Old State National Bank, Evansville, Ind.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 W. W. Russell, cashier, First National Bank, White River Junction, Vt.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 T. K. Smith, Jr., manager, Gimbel Brothers, Bankers, New York City.
 J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 A. C. Tonsmeire, cashier, City Bank & Trust Co., Mobile, Ala.
 Union Trust Co. of D. C., Washington, D. C.
 F. H. Williams, assistant treasurer, Albany City Savings Institution, Albany, N. Y.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
 C. C. Willson, care of Continental & Commercial Trust & Savings Bank, Chicago, Ill.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.



An Attractive Magazine

THIS designation certainly fits "The Hoggson Quarterly," issued by Messrs. Hoggson Bros., the well-known builders under the "Single-Contract System." This firm has done some especially fine work in constructing bank buildings in various parts of the country.

"The Hoggson Quarterly" is not only exceedingly attractive in its mechanical aspect, but the contents are instructive and interesting, and there is very much practical information for those who contemplate building.

regular commercial bank, organized under the laws of the State with a capital of \$100,000 and a surplus fund of \$50,000. The president is William J. Hoggson, the head of the bank building contracting firm of Hoggson Bros., and Mr. Price, the treasurer and active manager, is a well known bank man who has had much experience in New York. He devised this system, which is now being employed with success by the Putnam Trust Company and for which application for patent has been made.

do so by simply filling out a coupon for withdrawal and mail the certificate with the coupon attached, to the company. These certificates cannot be used except by the person who has the account and are as safe as anything can be. Amounts drawn after the third of each month lose interest only from the first of the month. Interest commences on amounts deposited after the third, the first of the following month. When a withdrawal is desired the coupon can be filled out and a check will be sent by The Putnam Trust Company drawn

THE PUTNAM TRUST COMPANY
OF GREENWICH, CONN.

ENCLOSED FIND _____ TO YOUR ORDER FOR \$ _____ FOR WHICH PLEASE
ISSUE AND SEND ME "PUTNAM TRUST COMPANY MAIL CERTIFICATE" IN MY NAME.

SIGNATURE _____

ADDRESS _____

BUSINESS _____

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SIGNATURE AND REMITTANCE CARD

Using the United States mail as a bank messenger is absolutely safe by the method employed by The Putnam Trust Company. The method is very plain. The first deposit to be made can be sent by check or a money order and then the company will send the depositor a certificate which looks a good deal like a coupon bond. One of these certificates, in a reduced facsimile form, is presented herewith.

A signature card is also enclosed, which is to be signed and returned to the company. This card is in the accompanying form.

A number of small coupons are attached to the certificate and when the depositor wishes to withdraw, he can

on the Guaranty Trust Company of New York. These checks can be cashed in any place where there is a bank.

Deposits and withdrawals are noted on the certificate by the company, showing the depositor always his exact balance.

From the past success of the scheme it is abundantly evident that this method is sure to become a permanent institution and will be particularly valuable to persons living in remote districts where there are no regular savings banks. The company pays the usual four per cent interest and its operations are safeguarded by the laws of the State of Connecticut the same as any savings bank.



FORMAL OPENING OF THE FIRST ALL-YEAR EXPOSITION IN HISTORY, SAN DIEGO, CAL., JANUARY 1

G. AUBREY DAVIDSON, President of the Exposition, introducing the distinguished visitors who attended the opening ceremonies. Behind President Davidson, from left to right, are: John Barrett, Director General Pan-American Union; Lyman J. Gage, former Secretary of the Treasury and chairman of the opening ceremonies; William G. McAdoo, Secretary of the Treasury, and President Wilson's personal representative; and Rear Admiral Thomas Benton Howard, Commander of the Pacific Fleet; Lieutenant-Governor E. C. de Baca of New Mexico; and Governor Hiram Johnson of California.

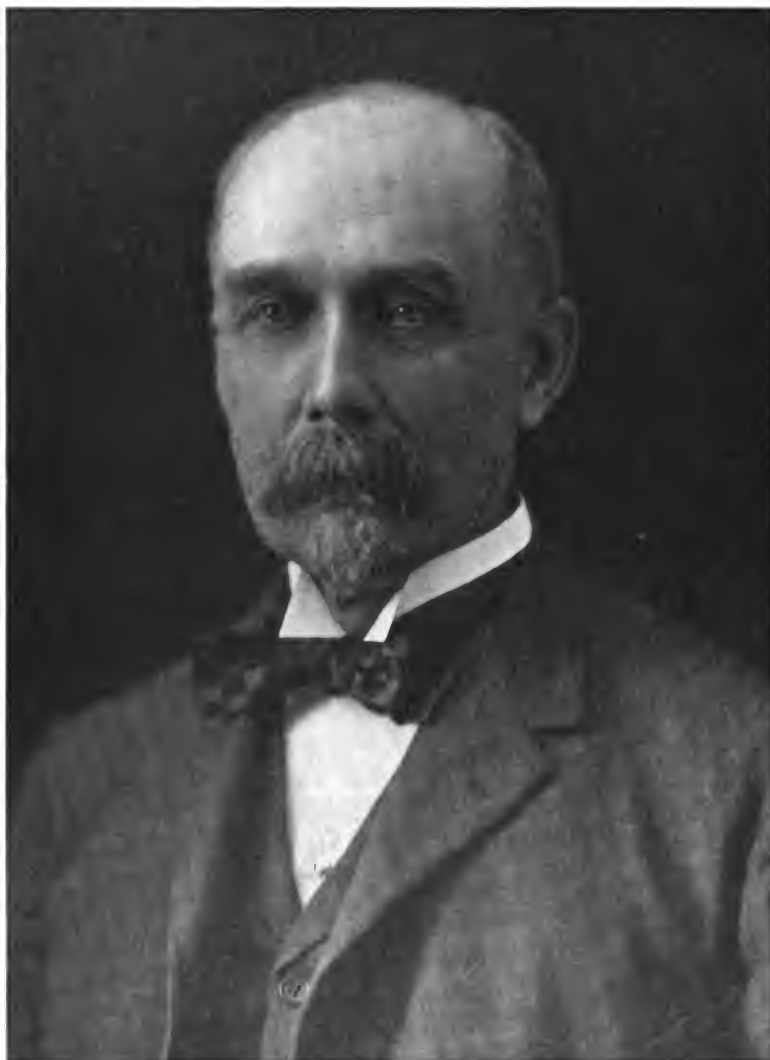


Real Estate Loans by National Banks

THIS ruling in regard to real estate loans by national banks outside central reserve cities has been promulgated by the Comptroller of the Currency:

"The maximum amount of loans which a national bank may make on real estate under the terms of section 24 of the Federal Reserve Act shall be limited to an amount not in excess of one-third of its time deposits at the time of the making of the loan and not in excess of one-third of its average time deposits during the preceding calendar year:

"Provided, however, that if 'one-third of such time deposits' as of the date of making the loan, or 'one-third of the average time deposits for the preceding calendar year,' shall have amounted to less than 'one-fourth of the capital and surplus of the bank' as of the date of the loan, then, in that event, the bank shall have authority to make loans upon real estate under the terms of the act to the extent of 'one-fourth of the bank's capital and surplus' as of the date of making the loan."



A. BARTON HEPBURN
CHAIRMAN OF THE BOARD, CHASE NATIONAL BANK, NEW YORK



MAIN BANKING ROOM AND OFFICERS' QUARTERS
CHASE NATIONAL BANK, NEW YORK

The Chase National Bank

New Home at 57 Broadway, New York City

ON January 11 the Chase National Bank of New York greeted its patrons in the bank's new home on the ground floor of the Adams Building at 57 Broadway. This new structure is one of the latest of the great commercial buildings in the downtown financial district of the city, and both in construction and location it offers ideal quarters for a large banking institution.

The thousands of the bank's friends who have visited the new banking-rooms, on the first day of their occupancy and since then, realized that here

is a banking home that embodies all the requirements of comfort, elegance and safety and perfect adaptability to the business for which it was designed. One of the first things to strike the visitor is the spaciousness of the banking-room, which is 200 feet long, extending from Broadway to Trinity Place, and seventy-five feet wide—from the corridor of the Adams Building to Exchange Place.

In this region of tall buildings, light—something of prime necessity to a bank—is not always easily secured. But the Chase National has been fortunate



ALBERT H. WIGGIN
PRESIDENT CHASE NATIONAL BANK, NEW YORK



SAMUEL H. MILLER
VICE-PRESIDENT CHASE NATIONAL BANK,
NEW YORK



EDWARD R. TINKER, JR.
VICE-PRESIDENT CHASE NATIONAL BANK,
NEW YORK

in this respect. Its banking-rooms are flooded with daylight from three sides, supplemented by a central lighting well.



DESCRIPTION OF THE NEW QUARTERS

THE main entrance on Broadway is of beautifully carved Breche opal marble. A pair of elaborate bronze doors admit to a vestibule of solid bronze and another set of double bronze doors to the banking-room. The walls, piers and ceilings are of Botticino Italian marble and the floors of French Trani-ville marble, with borders of light and dark Botticino. The banking screen is also of Botticino, with pilasters, caps, bases, cornice and arabesque panels. Inside the main entrance is a marble bust of Salmon P. Chase (Lincoln's

Secretary of the Treasury, for whom the bank was named), upon a simple marble pedestal.

One of the most artistic parts of the bank is the directors' room, located in the basement. Here the Georgian period of furnishing is followed. The walls are paneled in mahogany from the parquet floor to the ornamental plaster ceiling. In the center of the room is the directors' table, eighteen feet long and of special design. The master-clock of the ten synchronized ones in the bank is in one corner. Adjoining the directors' room are the officers' dining-room and a private dining-room; the clerks' dining-room, seating 100 persons, and the kitchen and lockers. The remainder of the basement is taken up with the bookkeeping, mailing, voucher, checking and other departments and the two vaults.

Of particular interest is the great securities vault, which has been pro-



HENRY M. CONKEY
CASHIER CHASE NATIONAL BANK,
NEW YORK



CHARLES C. SLADE
ASSISTANT CASHIER CHASE NATIONAL BANK,
NEW YORK



EXECUTIVE OFFICE
CHASE NATIONAL BANK, NEW YORK



EDWIN A. LEE

ASSISTANT CASHIER CHASE NATIONAL BANK,
NEW YORK



WILLIAM E. PURDY

ASSISTANT CASHIER CHASE NATIONAL BANK,
NEW YORK

tected by every known device. It is eighteen feet wide by forty-three feet deep on the inside and eight feet eight inches high. It is of the latest type of laminated construction, the lining being built up to a thickness of three inches of solid steel, comprised of alternate layers of open hearth and five-ply steel.

There are two entrances to the vault, at opposite ends, each outside door being fifteen inches thick, and inner doors five inches thick, the vestibule walls being correspondingly heavy.

The doors are of alternate layers of open hearth and five-ply steel, and are insulated with heavy plates of a patented non-burnable metal, which successfully resists the action of the oxy-acetylene cutter burner. The bolt on the doors is made extra heavy, and controlled by double combination locks, each capable of 100,000,000 changes of combination. In addition, each outside door is checked by a three-movement

time-lock of the largest and latest improved design. The bolt work on each door is covered with plate glass set in a solid steel frame, which prevents the entrance of dust and moisture, and at the same time permits unobstructed and constant observation of the locking mechanism during the open hours.

Each door is hung on a heavy goose-neck crane hinge of cast steel, and is provided with a powerful pressure system for seating the door. Special care has been used to make these doors with a metal-to-metal fit on the jambs, so that they are absolutely proof against the introduction of gases or liquid explosives.

Under the vault observation pits are provided, with electric lights at frequent intervals along one side and continuous mirrors and glass floor sections on the other side. By this means it is possible to stand beside the vault, and by looking down through a glass ob-



BOARD ROOM
CHASE NATIONAL BANK, NEW YORK

servation pit which extends along the entire side, to have an unobstructed view of the bottom of the vault. The total weight of the vault is 560 tons and the total weight of each entrance, including inside and outside doors, is twenty-five tons.

At either end of the vault is an electric coin and currency lift, connecting with the main banking-room overhead. These elevators carry steel trucks upon which the money is loaded and transported from one floor to the other.

The banking-house was designed by Kimball & Roosa, architects, of 71 Broadway.

Whether viewed for the general effect or in detail, these quarters throughout create a most favorable impression. No provision which forethought and wise expenditure could make for convenience, comfort and safety has been omitted. The result of this careful planning is a banking home that may well serve as a model in the construction and equipment desirable for a large city bank.

PROGRESS OF THE CHASE NATIONAL BANK

BEFORE moving into its present home the Chase National Bank was for nineteen years established in the building of the New York Clearing-House Association in Cedar Street. Beautiful as this home was, it long ago became too small for the bank's business, and it was found necessary to lease adjoining rooms for the clerical force.

The present removal marks the fourth change in the bank's location, due each time to a demand for ample accommodation. On September 20, 1877, it opened for business at 117 Broadway, where it remained until May 1, 1887. On that date it took up its home in the old Clearing House Building at 15 Nassau Street. In December, 1895, the new Clearing House Building at 83 Cedar Street was completed, and the bank occupied a part of this building, and as above stated some adjoining rooms, until the recent change to the new quarters in the Adams Building.



ALFRED C. ANDREWS

ASSISTANT CASHIER CHASE NATIONAL BANK,
NEW YORK



CHARLES D. SMITH

ASSISTANT CASHIER CHASE NATIONAL BANK,
NEW YORK

All these changes of location have denoted the gradual and steady growth of the bank to its present very important place among representative American financial institutions. That the Chase National Bank now occupies such a position is well known to those who are familiar with banking conditions in the United States. It is evidenced in quite a substantial way by figures taken from the official report to the Comptroller of the Currency on December 31, 1914, showing: Capital, \$5,000,000; surplus fund, \$5,000,000; undivided profits, \$1,146,547.48; deposits, \$135,182,000; loans and discounts, \$85,110,336.25; total resources, \$149,805,000.



HISTORICAL SKETCH

THE Chase National Bank of New York was organized in 1877 and began business in December of that year. Its organizers were John Thompson and his son, S. C. Thompson, who were also organizers and for fourteen



WILLIAM P. HOLLY

ASSISTANT CASHIER CHASE NATIONAL BANK,
NEW YORK

years managers of the First National Bank of New York. In the fall of 1886 these gentlemen sold control of the Chase National Bank to Henry W. Cannon (a former Comptroller of the Currency), John G. Moore, Edward Tuck, Calvin S. Brice and General Samuel Thomas. Mr. Cannon was made president and subsequently William H. Porter, later president of the Chemical National Bank of New York and now a partner in the firm of J. P. Morgan & Co., became cashier. James J. Hill shortly thereafter entered the directorate of the bank.

On July 1, 1887, the new management increased the capital from \$300,000 to \$500,000, the new stock being paid for at the book value of the old, viz., 180.

After the first year dividends were paid at the rate of six per cent. annually, gradually increasing to twenty per cent.

In December, 1897, the capital was further increased from \$500,000 to \$1,000,000, a cash dividend of \$500,000 being paid at the same time. Again, in December, 1906, the capital was increased \$4,000,000, making it \$5,000,000, and coincident with this increase a cash dividend of 400 per cent. was declared, the dividend thus equalling the increase in the capital.

While altogether the stockholders of the bank have paid in \$660,000 on account of capital, the actual capital has been increased by the earnings of the bank, in the form of capital, surplus and undivided profits to the present figures:

Capital	\$5,000,000
Surplus	5,000,000
Undivided profits	4,146,547

In 1898 Hon. A. B. Hepburn, a former Bank Superintendent of the State of New York, and former Comptroller of the Currency, became president of the Chase National Bank (having prior to this time been respectively president of the Third National Bank, and vice-president of the National City Bank of New York. He continued as president of the Chase National until the beginning of 1911, when he became chairman of the board.

Albert H. Wiggin succeeded Mr. Hepburn as president of the bank. He was formerly officially connected with the Third National Bank and the Eliot National Bank, Boston, but came to New York in 1899 as vice-president of the National Park Bank, and in 1904 was elected vice-president of the Chase National Bank.

In addition to Mr. Hepburn as chairman of the board and Mr. Wiggin as president, the other officers are: Samuel H. Miller, vice-president; Edward R. Tinker, Jr., vice-president; Henry M. Conkey, cashier, and Charles C. Slade, Edwin A. Lee, William E. Purdy, Alfred C. Andrews, Charles D. Smith and William P. Holly, assistant cashiers. The directors are Henry W. Cannon, James J. Hill, A. Barton Hepburn, Albert H. Wiggin, George F. Baker, Jr., Francis L. Hine and John J. Mitchell.

The accompanying figures present in a concise form the story of the bank's growth:

Date.	Capital Stock.	Surplus.	Deposits.
1907 (Jan. 26).....	\$5,000,000	\$4,000,000	\$63,345,861.54
1908 (Feb. 14).....	5,000,000	4,000,000	80,898,767.35
1909 (Feb. 5).....	5,000,000	5,000,000	105,842,591.06
1910 (Jan. 31).....	5,000,000	5,000,000	106,702,942.61
1911 (Mar. 7).....	5,000,000	5,000,000	118,547,760.58
1912 (Feb. 20).....	5,000,000	5,000,000	133,433,675.81
1913 (Feb. 4).....	5,000,000	5,000,000	127,481,427.47
1914 (Jan. 13).....	5,000,000	5,000,000	127,949,853.45
1915 (Jan. 2).....	5,000,000	5,000,000	135,183,322.05

Guaranty Trust Company of New York Elects Active Chairman of Board and a New President



ALEX. J. HEMPHILL
CHAIRMAN OF THE BOARD, GUARANTY TRUST CO., NEW YORK

AT the annual meeting of the board of directors of the Guaranty Trust Company of New York, January 20, President Hemphill recommended that, on account of the multiplication of administrative duties and responsibilities occasioned by the large and continuous growth of the company, the office of chairman of the board be made an active one with powers and authority similar to

those of the president. Acting on this recommendation, the by-laws were amended accordingly. The Honorable Levi P. Morton having previously declined a re-election as honorary chairman, the board unanimously elected A. J. Hemphill chairman of the board.

Charles H. Sabin, who since 1910 has been vice-president, was unanimously elected president.

At the same meeting of the board, Charles M. Billings was elected a vice-president, and L. D. Stanton, assistant treasurer.

Mr. Hemphill became associated with the Guaranty Trust Company in 1905 and has been president since 1909. During his administration the company has prospered to a remarkable degree.

board, although relieved from the pressure of details, will continue to take the same active part in the management and direction of the company's business as heretofore.

Mr. Sabin, although still a young man, having but recently reached his forty-sixth birthday, has had a remarkable career. He was born in Williams-



CHAS. H. SABIN

PRESIDENT GUARANTY TRUST CO., NEW YORK

In 1909 the capital, surplus and undivided profits were \$10,600,000.00, and the deposits were \$79,500,000.00. Since 1909 the company has acquired the Morton, Fifth Avenue and Standard Trust Companies, so that to-day the capital, surplus and undivided profits are \$31,360,000.00 and the deposits are more than \$200,000,000.00, making it the largest trust company in the world.

Mr. Hemphill, as chairman of the

town, Mass., in 1868. His early life was spent on a farm, where, until he was eighteen, he had the opportunity of laying the foundation for the rugged constitution he now enjoys. He graduated from Graylock Institute in 1885.

Mr. Sabin began his banking career in 1887 in the National Commercial Bank of Albany, was made cashier of the Park Bank of Albany in 1898, was cashier of the Albany City National



GUARANTY TRUST CO., NEW YORK

Bank from 1898 to 1902, and was then elected vice-president of the National Commercial Bank, with which the Albany City National was consolidated. In 1907 he was elected president of the National Copper Bank of New York, and, on its merger with the Mechanics National Bank in 1910, he was made vice-president of the latter institution. In July of that year he was elected vice-president and director of the Guaranty Trust Company of New York.

It is said that every bank with which Mr. Sabin has been connected has shown remarkable progress under his direction. For instance, as cashier of

the Albany City National Bank back in 1897, he more than doubled its deposits in two years. The National Commercial Bank of Albany exhibited equally remarkable gains, and the National Copper Bank in the three years of its existence accumulated total deposits of over \$30,000,000.

The continued growth of the Guaranty Trust Company of New York to the present large proportions constitutes one of the very interesting chapters in the city's financial history. Even in times usually considered dull, the company's deposits have kept on growing.



JOHN L. KNORPP

PRESIDENT KNORPP CATTLE LOAN COMPANY, KANSAS CITY, MO.

JOHN L. KNORPP is one of a family having enjoyed a record of thirty-five years successful banking, and handling of cattle paper. After spending five years in the commission business at the Kansas City Stock Yards, he entered the banking business in Texas. Then, following a number of years of close attention to the details of financing the cattle men, he realized the need of a company handling cattle paper exclusively, and organized the Knorpp Cattle Loan Company. This institution consists of men who have made a real success of the banking and cattle loan business. This fact, combined with Mr. Knorpp's careful management, have given his company its strong connections.

Financing the Cattle Industry

THE relatively lessened supply of cattle and the gradual rise in the cost of beef have received so much attention in recent years that anything calculated to remedy these conditions becomes a matter of deep public interest.

This problem obviously has several aspects, the financial one being by no means the least important.

Some old-fashioned bankers have in the past not looked with much favor on what is termed "cattle paper"—this, of course, not referring to paper arising from shipments of cattle; for bankers very generally regard this as a very high grade of commercial bills. The objection has applied to paper representing loans made for feeding the cattle until they are ready for marketing.

It has been found that these objections were founded in the experiences of banks that had made loans for the purpose named without sufficient investigation or first-hand knowledge. It gradually developed that where the banker himself was not experienced in the cattle business, or if the bank was not directly located in a stock-growing district, the making of such loans was attended with considerable difficulty.

As a result, the handling of "cattle paper" has come to be more or less of a specialized service. The larger city banks prefer to get this paper either from banks located in the cattle country, or from individuals or companies of known standing that have made a business of handling it, and that have that practical knowledge of the cattle industry upon which alone these transactions may be safely conducted.

Furthermore, there has been an imperative need of some organization that would be able to handle "cattle paper" which some of the banks could not take care of because the banking laws limit the loans which may be made to any one

individual to a certain percentage of the capital. As a great many of the banks in the cattle country are of small capital—from \$10,000 to \$50,000—it is not possible for them to lend to one individual more than from \$1,500 to \$5,000 or \$6,000, and these sums are inadequate to meet the requirements of the larger stock-growers.

In order to meet the demands for specialized service already referred to and to provide the funds absolutely necessary adequately to finance this great industry, the cattle loan company has developed as a very valuable and successful part of the country's financial machinery.

Typical of these organizations is the Knorpp Cattle Loan Company, of Kansas City, Mo., whose president, John L. Knorpp, after a number of years of close attention to the details of financing the cattlemen, realized the need of a company handling cattle paper exclusively. He knew that a company of this character would be doing business with the best and strongest men in the community.

The business of the Knorpp Cattle Loan Company is to make loans secured by cattle in the country, being fed and matured for beef. The company endorses this cattle paper, guaranteeing payment at maturity, and sells it to bankers in other sections of the country seeking a desirable form of paper which yields an attractive rate of interest.

It is the aim of the company to keep about \$1,000,000 of this paper outstanding. Since it began business no single loan has been allowed to go one day past due.

The Knorpp Cattle Loan Company has a paid-up capital of \$100,000, and is managed by men who have made a success in the banking and cattle loan business. Its officers are: President, J.

L. Knorpp; vice-president, R. W. McCurdy; secretary and treasurer, George P. Robinson.

Directors: R. W. McCurdy, president Home Deposit Trust Co., Independence, Mo.; J. Z. Miller, Jr., former vice-president Commerce Trust Co., Kansas City, Mo.; J. L. Knorpp, president; George P. Robinson, president Robinson-Hoover Commission Co., Kansas City, Mo.; Fred Ehrke, president Ehrke-Martin Commission Co., Kansas City, Mo.; A. L. Wagoner and Lawrence Knorpp, ranchmen, Groom, Tex.



PERHAPS the attention of bankers has not been sufficiently drawn to a provision in the Federal Reserve Act which confers a special advantage upon cattle paper.

Section 13 of the Federal Reserve Act defines the kinds of commercial paper eligible for discount at the Federal Reserve Banks, fixing the time of maturity of such paper at not more than ninety days from the time of discount, but with this proviso:

"Provided, That notes, drafts and

bills drawn or issued for agricultural purposes or based on live stock, and having a maturity not exceeding six months, may be discounted in an amount to be limited to a percentage of the capital of the Federal Reserve Bank, to be ascertained and fixed by the Federal Reserve Board."

This puts the cattle paper in the class of commercial paper eligible for discount by the Federal Reserve Banks, and recognizes the features of the business which make the longer maturity period advisable. This is really a liquid form of bank investment, the means for liquidating the loans being provided with the maturing and marketing of the cattle.

As stated at the outset, the desirability of cattle paper can best be ascertained by those having special knowledge of the business and who are thus in a position to advise the banks in regard to this class of security.

The Knorpp Cattle Loan Company, having in its organization men of long practical experience in the cattle industry, and a specializing in cattle paper, have built up a very large and successful business with the bankers of the country.



Banking Caution Advised

IN his annual statement to the press, President James B. Forgan of the First National Bank of Chicago said:

"Bankers should continue to conserve their resources until the ultimate effect of the conflict on American securities is fully realized. Nothing could be more unsound than to attempt to boom domestic business by undue expansion of credit until we find out what may be required of us in caring for our foreign indebtedness and for our securities which may be thrown on our home market. I do not mean by this that we should not proceed with business in a normal way and take advantage of our opportunities as they arise. It will, however, be prudent on the part of the banks to conserve their strength and

to husband their resources under the present world-wide condition.

"I foresee nothing to cause a return to the abnormally high rates of discount which have recently prevailed for commercial paper. The Federal Reserve Banks should have a steadying influence on the market.

"Entirely above and beyond any consideration of profit, however, it might prove a boomerang if the banks should too freely avail themselves of the expansion facilities afforded them through reduction of their legal reserve requirements and their ability to secure rediscounts at the Federal Reserve Banks. This is not the time for this country to inaugurate a business boom entailing an over-expansion of credit."

Fifty-one Years as Bank Treasurer

Long and Honorable Record of John A. Maynard of the Newburyport
(Mass.) Five Cents Savings Bank

WITH one exception, John A. Maynard of the Newburyport (Mass.) Five Cents Savings Bank is the oldest savings bank treasurer in Massachusetts in point of service. The official out-ranking him is David J. Marsh of the Springfield Five Cents Savings Bank.

Mr. Maynard on December 1st completed fifty-one years as treasurer of the bank into whose services he entered in 1863, taking the place vacated by Charles S. Swasey, who resigned to go with the Salisbury Mills Company. He was at the time a clerk in the Mechanics' Bank.

Born in Hampton, N. H., July 4, 1839, Mr. Maynard went to Newburyport when a young man in 1858 and with an aptitude and desire for banking started at the foot of the ladder in the Mechanics' Bank, now the Ocean National Bank.

When he assumed the treasurership of the Newburyport Five Cents Savings Bank its assets were less than \$200,000. Now, after fifty-one years, they have reached over \$3,000,000.

The Newburyport Five Cents Savings Bank was started in 1834 in a room on the second floor of 42 State Street. In 1864 it was moved to rooms over the present Ocean Bank on State Street. The present Newburyport Five Cents Savings Bank building was erected in 1874, a fine large brick business block, making the most important improvement in the business centre of the city in that decade. The bank was moved into the new building in March, 1875, and occupies very commodious and attractive quarters.

Its presidents have been David Wood, Eben Sumner, Moses H. Fowler, and its present presiding officer, Charles Thurlow.

There is not one at present living



J. A. MAYNARD
TREASURER FIVE CENTS SAVINGS BANK
NEWBURYPORT, MASS.

that was connected with the bank when Mr. Maynard accepted the responsible office of treasurer fifty-one years ago.

The Five Cents Savings Bank has been progressive under Mr. Maynard's administration of its affairs and has an excellent reputation in the banking circles of the State.

Its treasurer has filled the office with signal honor and integrity, and has enjoyed the confidence and esteem of the community. Hundreds of thousands of dollars have been handled by his bank belonging to its depositors and every penny has been faithfully and accurately accounted for.



A.T. KAHN
VICE PRESIDENT



A.H. VAN HOOK
CASHIER



E. KIRBY SMITH
PRESIDENT



F.A. CONWAY, JR.
ASST. CASHIER



M. RICKS
ASST. CASHIER

OFFICERS, COMMERCIAL NATIONAL BANK, SHREVEPORT, LA.



COMMERCIAL NATIONAL BANK OF SHREVEPORT, LA.

Commercial National Bank

By J. E. HOWE

Shreveport La.

THE history of the Commercial National Bank of Shreveport, the largest banking institution in the State of Louisiana outside of New

Orleans, has been one of growth and prosperity.

The Commercial National Bank was organized in 1886, and succeeded the



PRESIDENT'S AND VICE-PRESIDENT'S OFFICE



CASHIER'S OFFICE

COMMERCIAL NATIONAL BANK, SHREVEPORT, LA.



DIRECTORS' ROOM
COMMERCIAL NATIONAL BANK, SHREVEPORT, LA.

private banking firm of McWilliams, McCutchen and Deming, the two former figuring very prominently in the affairs of this city and section for a number of years afterward. The bank began with a capital of \$100,000.

J. G. McWilliams was the first president, S. B. McCutchen, vice-president, and R. R. Deming, cashier. Four years later, on January 14, 1890, Mr. McCutchen was elected president. At that time the bank had a surplus of \$28,821.

On July 1, 1891, Capt. McWilliams was re-elected president, and the minutes show that at this time Capt. Peter Youree, under whose administration as president the Commercial National experienced its greatest success, became identified with the institution and was elected vice-president.

Capt. McWilliams remained at the head of the institution until January, 1894, when Capt. Simon Levy, Jr., was elected, and on his death, in 1898, Capt. Youree became president.

At that time the surplus amounted to \$70,414, and during the following eight years the bank experienced a success which drew attention to Capt. Youree's ability as a banker from all parts of the country, a stock dividend of 400 per cent. being declared February 8, 1906, and the capital stock being increased to \$500,000.

In June, 1909, E. K. Smith, a prominent banker of Texarkana, Ark., moved to Shreveport and became identified with the institution, having been selected first vice-president and managing director, and under his direction of the affairs of the bank it has continued to achieve one success after another, standing to-day as one of the most substantial banking institutions in the Southwest. Mr. Smith became president of the Commercial National Bank in August, 1914, following the death of Capt. Youree in July.

The bank now has a surplus of \$575,000, an increase in eight years of more



LOBBY LOOKING TOWARDS PRESIDENT'S OFFICE



ENTRANCE FROM LOBBY TO BANK
COMMERCIAL NATIONAL BANK, SHREVEPORT, LA.



VIEW OF MAIN BANKING ROOM SHOWING TELLERS' CAGES
COMMERCIAL NATIONAL BANK, SHREVEPORT, LA.

than twenty-five per cent. over that made for the first twenty years, and is doing a business aggregating \$2,000,000.00 per day.

Successes of this sort are usually due to some unprecedented era of prosperity which comes to a community, and for which the banks are not responsible, but that has not been the case with the Commercial National Bank.

This institution, to begin with, was founded by bankers, men with broad business views, keen perception, splendid executive ability, and abiding faith in Shreveport and North Louisiana. These qualities have obtained in every man who has been at the head of the institution since its organization, and to their ability in directing the affairs of the Commercial National Bank is due, in a great measure, much of the prosperity which has come to the section of the country where the bank is located.

This bank has encouraged and helped

legitimate enterprises; has always pursued a liberal and conservative policy, and through such a policy it has enabled the community to prosper and has shared in that prosperity.

It has negotiated the sale and purchase of all of the bonds of the City of Shreveport; it has financed practically every large building of any note in the city, and through it the building of the new traffic bridge across Red River was made possible.

The good roads system of Caddo parish, declared to be the best in the United States, was made possible only by the aid of the Commercial National Bank, whose president (Capt. Youree at that time) saw the great benefits to be derived by both city and parish by a system of hard surface highways extending to every point in the parish.

The first real sky-scraper to be erected in the City of Shreveport was erected by the Commercial National Bank, a

magnificent ten-story steel bank and office building, costing a half million dollars, having been built in 1912 for the permanent home of the bank, and stands to-day as one of the most imposing structures in the city and a testimonial to the popularity of the institution and the high standing of the bank's officials.

In the personnel of the management the Commercial National Bank is exceptionally fortunate, every one of its

State Savings and Trust Company and the erection of a \$300,000 bank building, the handsomest in Texarkana, and the bank one of the strongest in the State.

During his residence in Texarkana Mr. Smith became prominently identified in banking circles throughout the States of Arkansas and Texas, and was made president of the Arkansas Bankers Association, and for three years he



VIEW OF LOBBY, SHOWING MEZZANINE FLOOR
COMMERCIAL NATIONAL BANK, SHREVEPORT, LA.

officers having been practically raised in a bank.

E. KIRBY SMITH.

President E. K. Smith began his banking career at Orlando, Fla., when a very young man, having been identified with the Merchants Bank of that city. In 1894 he moved to Texarkana, Ark.-Tex., and one year later organized the State National Bank, which was followed later by the organization of the

was a member of the executive council of the American Bankers Association, a position which brought him in touch with the best-known bankers of the country.

He has been prominently identified with many of the largest industries of Louisiana, Texas and Arkansas, serving on the directorate of many large lumber and other industrial corporations of this section, and it is a matter of record that he has yet to do with any concern that has not been a success.

In order to devote his entire time to the Commercial National Bank, Mr. Smith is gradually withdrawing from many of the concerns with which he has been connected, only remaining with those whose business is handled through the Commercial National Bank.

He has been asked to serve as a director in two railways for 1915—the Arkansas, Louisiana and Gulf, running from Monroe, La., to Monticello, Ark.,

and his advice is often sought and his judgment relied upon.

When the Federal Reserve banking system was inaugurated and Dallas, Texas, selected as the location for the Eleventh District Bank, the member banks of Louisiana immediately set to work to have Mr. Smith elected to the board of directors of that institution, his banking experience and ability stamping him as one of the most capa-



VIEW SHOWING VAULT AND LADIES' DESK
COMMERCIAL NATIONAL BANK, SHREVEPORT, LA.

and the Kansas City, Shreveport and Gulf, a subsidiary of the Kansas City Southern Railway, succeeding Capt. Youree on the board of the latter road.

The marked success which has followed his administration of the affairs of the Commercial National Bank, his knowledge of business matters and his position on many of the financial problems which have confronted the country within the past few years, have brought him much in the limelight in banking circles throughout the country,

and his advice is often sought and his judgment relied upon.

Nor was Mr. Smith's reputation as a banker known only to the Louisiana members of the Federal Reserve Bank. Throughout Texas, where he was prominently identified in banking circles before coming to Louisiana, and in Oklahoma and the other States of the Eleventh District, he was not a stranger to the banking fraternity, and his ability met recognition in his election as a Class A director for the three-year

term on the board of the Dallas Federal institution.

Further recognition of Mr. Smith's business ability was shown by his appointment as a member of the executive committee of the National Currency Association of Louisiana and Mississippi, when it was organized for the purpose of issuing emergency currency, as provided for by the Aldrich-Vreeland Act.

And still further recognition was more recently shown by his appointment as a member of the Louisiana loan committee for the distribution of the \$135,000,000 cotton loan fund.

ARTHUR T. KAHN.

A. T. Kahn, who was elected vice-president of the Commercial National Bank in August, 1914, has practically grown up in the banking business, beginning his career in 1891 as a runner for the old Merchants and Farmers

Bank, without salary. He was president of the Shreveport National Bank in 1901, 1902 and 1903.

His connection with the Commercial National began in 1898, when he became an individual bookkeeper in the institution. The following year he was elected assistant cashier, and in 1904 was made cashier, a position he held with credit to himself and the institution for ten years of the most successful history of the bank.

Mr. Kahn is very popular with the banking fraternity; in fact, he numbers his friends by the hundreds all over the United States, and is considered a very capable financier, and is highly regarded by all who know him.

ALBERT H. VAN HOOK.

A. H. VanHook, cashier, began as a bookkeeper in the Commercial National Bank in 1898. He came to Shreveport from Marshall, Texas, in 1896, and for



SAFE DEPOSIT VAULTS, MEZZANINE FLOOR
COMMERCIAL NATIONAL BANK, SHREVEPORT, LA.

two years before identifying himself with the bank, he studied law and was licensed to practice by the Supreme Court of the State.

Getting into the banking atmosphere somewhat dampened the ardor of his law ambitions, with the result that he has become recognized as one of the foremost young bankers of the State, being a man of splendid judgment, capable of handling big problems.

He is a gentleman of most amiable qualities and is universally liked by a large circle of friends in all walks of life.

His first promotion came when he was made assistant cashier of the bank in 1900, and acting cashier during the years 1901, 1902 and 1903.

He became cashier of the institution in August, 1914.

E. A. CONWAY, JR., ASSISTANT CASHIER.

E. A. Conway, Jr., is a Louisianan, born in Shreveport, where his grandfather moved from a nearby Louisiana parish in 1867. He received his education in the public schools of Shreveport, with a finishing course at the College of Marshall, Texas, and began his business career in the auditor's office of the Texas & Pacific Railway in Dallas, transferring with the same company to Shreveport. Early in 1905 he embarked in the banking business with the Louisiana Bank & Trust Co., and later entered the employ of the Continental Bank & Trust Co. He severed his connection with this institution early in 1909, and shortly afterward entered the employ of the Commercial National Bank. He is highly regarded by the directors and patrons of the bank.

MARMADUKE RICKS, ASSISTANT CASHIER.

Mr. Ricks began his banking experience in the Bank of Mansfield at Mansfield, La. Later he organized the Bank of Coushatta, which is at present a very successful institution. He also

organized the Bank of Colfax, now one of the leading banks of the State. Mr. Ricks was for a time assistant cashier of the First National Bank of Shreveport, and has been with the Commercial National Bank for the past six years. He is a good financier and his genial and friendly manner makes for himself, as well as for the bank, a great many friends. Like the other officers of the Commercial National Bank, he has won his spurs by his ability and close attention to business.

OFFICERS AND DIRECTORS.

The following are the present officers and directors of the Commercial National Bank:

Officers—E. K. Smith, president; A. T. Kahn, vice-president; A. H. Van Hook, cashier; E. A. Conway, Jr., assistant cashier; M. Ricks, assistant cashier.

Directors—J. Dellinger, capitalist; E. R. Bernstein, merchant and capitalist; S. G. Sample, oil operator and capitalist; Herman Loeb, cotton factor; Thos. C. Barrett, Lieutenant-Governor, State of Louisiana; E. Hagg, showman and capitalist; Abe Meyer, capitalist; J. M. Robinson, planter; J. A. Blanchard, capitalist; T. S. Hutchinson, planter; J. C. Rives, capitalist; P. P. Keith, planter; A. J. Peavy, lumber manufacturer; E. K. Smith, president; A. T. Kahn, vice-president; A. H. Van Hook, cashier.

First National Bank of Boston Establishes Department of Time Deposits

AVAILING itself of the provisions of the new Reserve Bank Act, the First National Bank of Boston has established a department of time deposits. This department is located in the basement of the new bank building, adjacent to the safe-deposit



NEWLY EQUIPPED TIME DEPOSIT DEPARTMENT
FIRST NATIONAL BANK, BOSTON

vaults, and it is thoroughly equipped.

As a lower reserve is now required on deposits in national banks with thirty days' withdrawal notice and on all savings accounts and certificates of deposit, subject to not less than thirty days' notice before payment, a higher rate of interest is paid in this department, varying of course with the condition of the money market.

The new department has been very successful and is an instance of how the big banks are adapting themselves to changing conditions to the benefit of their customers and themselves.

This department also controls the registration of stocks, bonds and notes and the handling of bond coupons. It is in charge of Olaf Olsen, vice-president.

A. I. B. Committee Appointments

PRESIDENT EVANS of the American Institute of Banking has just announced the following committee appointments:

POST GRADUATE COMMITTEE

R. S. Hecht, Chairman, Hibernia Bank & Trust Company, New Orleans, La.

Robert H. Bean, Old South Trust Company, Boston, Mass.

J. A. Broderick, United States Treasury Department, Washington, D. C.

Joseph J. Schroeder, National Bank of the Republic, Chicago, Ill.

Joshua Evans, Jr., Riggs National Bank, Washington, D. C.

DEBATE COMMITTEE

F. B. Devereux, Chairman, National Savings & Trust Co., Washington, D. C.

J. Leland Cross, First National Bank, Birmingham, Ala.

M. W. Harrison, Brooklyn Savings Bank, Brooklyn, N. Y. C.

LeRoy V. Elder, Rhode Island Hospital Trust Co., Providence, R. I.

Arthur H. Cooley, Security Trust Company, Hartford, Conn.

COMMITTEE ON PUBLIC AFFAIRS

E. G. McWilliam, Chairman, Savings Bank Section of the American Bankers Association, 5 Nassau St., New York City.

R. H. MacMichael, Dexter-Horton National Bank, Seattle, Washington.

H. J. Dreher, Marshall & Ilsley Bank, Milwaukee, Wis.

C. W. Allendoerfer, First National Bank, Kansas City, Mo.

Frank C. Mortimer, First National Bank, Berkeley, Cal.

Raymond B. Cox, Webster & Atlas National Bank, Boston, Mass.

PROGRAMME COMMITTEE

Thos. H. West, Chairman, Ladd & Tilton Bank, Portland, Oregon.

Ralph A. Newell, First National Bank, San Francisco, Cal.

S. D. Beckley, City National Bank, Dallas, Texas.

TRANSPORTATION COMMITTEE

George A. Jackson, Chairman, Continental & Commercial National Bank, Chicago, Ill.

W. A. Marcus, Savings Union Bank & Trust Company, San Francisco, Cal.

Henry R. Kinsey, Williamsburg Savings Bank, Brooklyn, N. Y.



American Real Estate Company, New York

CONSERVATIVE management and wise financing are shown in the figures of the Twenty-Seventh Annual Statement of the American Real Estate Company as of the end of its fiscal year now published. An increase of only slightly over \$30,000 in its bond obligations and over \$850,000 in paid-up preferred and common stock adds a larger margin of security to the holder of its bond obligations.

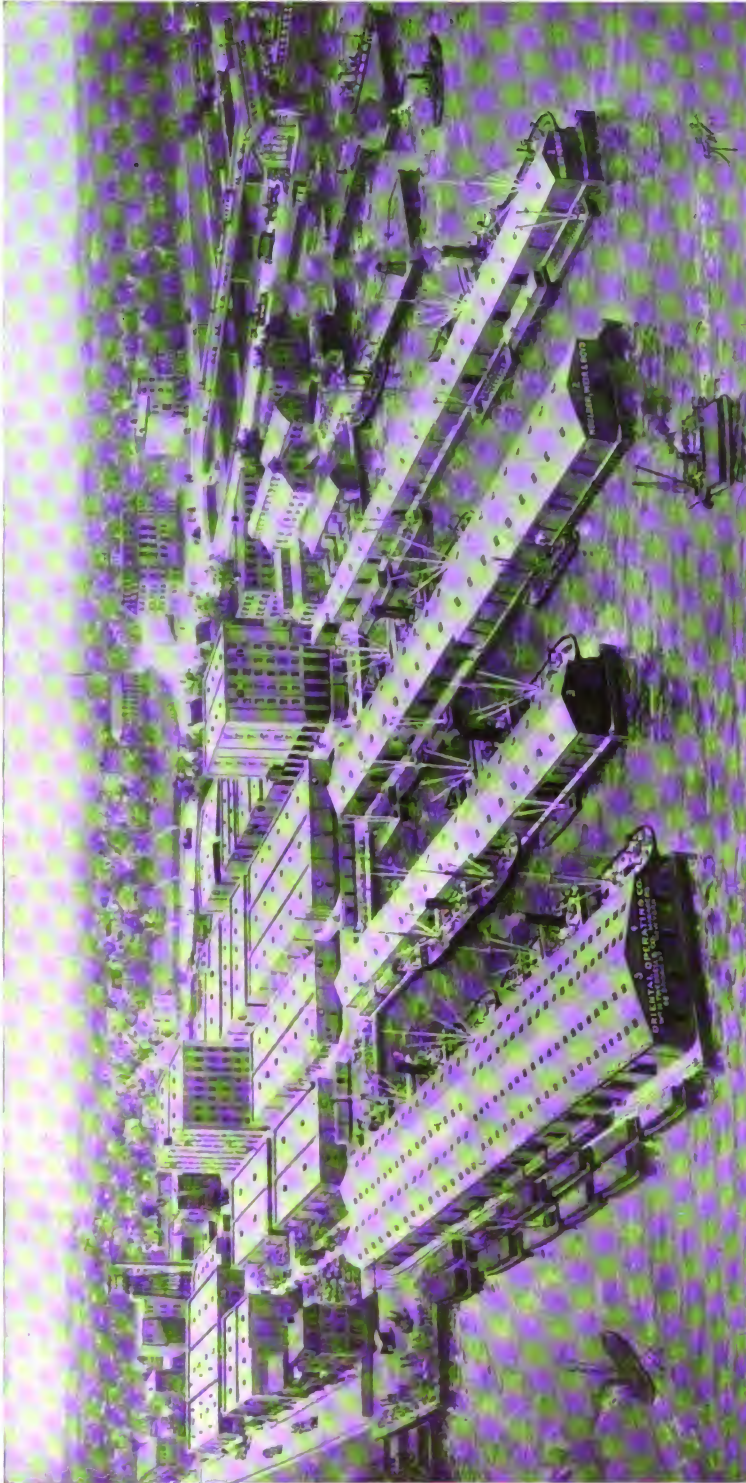
In view of depressed condition in the real estate market, and in harmony with the company's well-known policy of conservative management, in the appraisal upon which the figures in the statement are based, it has taken up the values of its properties upon a basis which reduces the surplus about \$500,000. The increase in new capital created during the year, however, leaves a margin of capital and surplus of over \$3,500,000, or more than \$300,000 greater than last year. The statement shows that all taxes, assessments, and interest due on mortgages payable are

paid to date with a cash balance of over \$327,000.

The total assets of the company are shown by the statement to be \$29,432,660.83. Against these assets rest underlying mortgages of \$11,710,960, leaving a balance of assets of \$17,721,700.83.

The company reports that notwithstanding general business conditions the past year was a successful one in its rental departments. Many of its buildings are filled to 100 per cent. of capacity. It has but few vacancies anywhere. During the year the company added substantially to its holdings of vacant land for the most part at station corners along the lines of the subway extensions now under construction in the Borough of the Bronx where a large increment in value is certain.

As in the past the statement of the company bears the certificates of recognized auditors and appraisers certifying to the valuation of its properties and the correctness of its accounts.



AMERICAN DOCK TERMINAL — "COTTON DOCKS" — LOCATED AT TOMPKINSVILLE, STATEN ISLAND, NEW YORK. PLANT INCLUDES MODERN SEVEN-STORY FIRE-PROOF BUILDINGS PROTECTED BY COMPLETE INSTALLATION OF AUTOMATIC SPRINKLERS. TRANSPORTATION FACILITIES COMPRISE ACCOMMODATION FOR DEEP-DRAUGHT VESSELS, AND DIRECT ALL-RAIL CONNECTION, INDEPENDENT OF EITHER FLOAT OR LIGHTER DELIVERY. MANY MILLIONS OF BALES OF COTTON HAVE BEEN HANDLED AT THIS TERMINAL DURING THE PAST FORTY YEARS.



STATEN ISLAND FERRY HOUSE, NEAR THE OFFICES AND DOCKS AND WAREHOUSE OF THE AMERICAN DOCK CO.

The Cotton Crop of 1914

Facts and Figures About the 16,000,000 Bales—What this Great Crop Means

WHEN the "buy-a-bale" campaign was being advertised, in various forms of circulars, in the daily press, in store window displays, etc., to attract the attention of the public, and considerable publicity was given to the question of opening the various exchanges, and bankers were discussing the \$135,000,000 cotton loan pool, how few people stopped to consider what the crop of 16,000,000 bales really represented, either in money value or the room required to grow, handle, ship or store this vast amount of one of the world's most necessary staples.

Did you ever stop to consider some of the thousand and one purposes for which cotton is used—that nearly every article you wear contains some cotton—that nearly every article of house furnishing is composed of some part cotton; in fact, cotton is probably used for a greater variety of purposes than any other crop grown.

The ordinary bale of 500 pounds, at the average price of six cents per pound (about the lowest market price during the last ten years) is worth \$30.00 per bale, or a total of \$480,000,000.00 for last year's crop; or, calculated at the market value at the beginning of the war, would make a valuation of \$800,000,000.00, this sum being more than twice the amount ex-



ALONZO B. POUCH
PRESIDENT THE AMERICAN DOCK COMPANY

ended by the United States Government in 1913 for the support of our Army and Navy, and for the payment of the pension fund. During the last few months the public have become so



A CORNER OF A COTTON YARD, SHOWING COTTON TO BE WEIGHED AND SAMPLED

accustomed to reading large figures of war appropriations, reserve bank resources, syndicates, etc., that a few ciphers more or less do not make so much impression on the casual reader today as in former times. It is therefore necessary to make a more pointed or convincing comparison to bring out the facts clearly before the reader.

STRIKING COMPARISONS ABOUT THE CROP OF 1914

THE magnitude of this enormous amount of one single commodity cultivated in a few States can best be shown by the following interesting comparisons:

To grow a single bale of cotton of



COTTON STORAGE IN AMERICAN DOCK STORE, SHOWING COMPARTMENT HOLDING 4,000 BALES, ALL PROTECTED BY AUTOMATIC SPRINKLERS



COTTON BEING RECEIVED BY TRAIN LOAD, ABOUT 50 BALES TO THE CAR

500 pounds requires the cultivating of about two and one-half acres of land, or a plot of ground equal to fifty city lots; and to raise the cotton crop of

1914 required the planting of some 36,000,000 acres of land, or an area approximately 20 per cent. larger than the entire State of New York.



A 40-FOOT STREET BETWEEN WAREHOUSES, SHOWING SPACE OCCUPIED BY 2,500 BALES WHEN NOT TIERED UP

If the 16,000,000 bales were distributed to the residents of New York State every man, woman and child would receive two bales each. If made into a chain, each bale being a link, it would extend more than half way around the earth.

The 16,000,000 bales would weigh about 4,000,000 tons, and if moved by railroad at one time would require a single train of 320,000 cars, 2,700 miles long, extending from New York almost to San Francisco; or to ship by water

The Woolworth Building, one of the newest and largest skyscrapers, if turned into a storage warehouse, with its fifty-five floors, completely filled with cotton, including hallways, would provide room for only 600,000 bales; while the Singer Building, with its forty-six floors, would furnish accommodations for only 160,000 bales. The Metropolitan Tower Building, with its fifty floors, would accommodate 360,000 bales, or a total capacity of these picturesque structures of 1,120,000 bales,



COTTON STORAGE ON SECTION OF AMERICAN DOCK PIERS, SHOWING SPACE OCCUPIED BY 6,000 BALES, ALL PROTECTED BY AUTOMATIC SPRINKLERS

would require a fleet of 1,500 ordinary size cargo steamers.

STORAGE OF COTTON

THE South has made great preparations in the way of new warehouses to store the surplus crop, which may not be sold on account of the war conditions; but for further comparison of the size of the 16,000,000-bale crop, let us see what amount of room would be required to store a portion of this commodity in some of our large buildings in New York city.

equal to about $8 \frac{1}{8}$ per cent. of the total crop.

The United States Capitol at Washington, one of the stateliest buildings in the country, could furnish accommodations for approximately 375,000 bales, if used as a cotton warehouse.

For various reasons, best known to the cotton trade, New York city has never been called upon to provide storage room for even a single million bales at any one time, and as there are many regular licensed cotton warehouses in the city there is no possibility of the



RECEIVING COTTON BY LIGHTER, EACH LIGHTER CARRYING ABOUT 1,000 BALE

large office buildings, like the Woolworth Building and Singer Building, ever being required for the storage of cotton; and even if necessity should arise, the cost would be prohibitive both from a rental basis and transportation viewpoint.

It may therefore be of interest to know where and how cotton is handled and stored in New York, and what final disposition is made of the cotton that does not pass through New York.

Although considerable cotton is transhipped through New York, more than one-half of the total crop is usually

exported to foreign countries; the greater portion of which is loaded direct into foreign steamers at the Southern or Gulf ports, and that portion which is brought to New York arrives by coastwise steamers discharging at piers on the North River, whence it is transhipped either to Eastern mills or exported. The small percentage remaining for storage in local warehouses is lightered to one of the three warehouse terminals officially licensed by the New York Cotton Exchange as cotton warehouses.

One million dollars per day is the



estimated amount of property destroyed by fire throughout the United States, and although fire is man's greatest enemy, and cotton one of the most susceptible commodities to a fire hazard, the automatic sprinkler has been a very important factor in recent years in defeating this great enemy—fire.

Fire in cotton warehouses, before the days of automatic sprinklers, was a very serious occurrence, but the insurance rate now in effect on cotton warehouses fully protected by automatic sprinklers

is so low that a comparison is necessary to show the benefits derived and the recognized approval of the insurance companies.

On cotton stored in an unprotected warehouse in the Port of New York the insurance rate is \$2.46 per \$100 per annum, against twenty-six cents per \$100 per annum in a modern sprinkled warehouse, which permits the merchant to save on his insurance bills about nine cents per bale per month.

Bankers for Fifty Years

Unique Distinction—First National Bank, Philadelphia, Pa.

IN this transitory age when corporations are merged, firms dissolved, when change is the rule and permanency the exception, it is a remarkable record to find in one institution two employees who have served it for fifty years. It speaks well for the solidity of the corporation and proclaims in no uncertain tones the integrity, fidelity and strong character of the employee. The First National Bank of Philadelphia has identified with it two men who have without interruption spent a half century in its employ.

Kenton Warne, second vice-president, entered the bank in December, 1864, and by faithful and intelligent discharge of every duty imposed upon him he has risen from a clerkship to the important position which he now occupies. He entered the bank as a boy and very soon his ability was recognized and he was made head of the collection department. The first cashier of the bank, Morton McMichael, continued in his position for thirty-six years, when he was made president, and Mr. Warne,

who was then assistant cashier, succeeded him.

Mr. Warne is a man of versatile achievements, being well known as a chemist, photographer and electrician. His opinion on these subjects is sought and valued by experts. Mr. Warne has most vivid recollections of Philadelphia as it was more than fifty years ago and has many interesting tales to tell, especially of changes in the vicinity of Third and Chestnut Streets, where the First National Bank has been located since its organization as the First National Bank of the United States. Though advanced in years, Mr. Warne has the energy of youth; though conservative he is progressive; and from all appearances is considerably younger than his years. He has a most unusual faculty for remembering details of incidents that happened many years ago in connection with the bank's business. He has at his fingers' ends the names and nature of the accounts which have been on the bank's books during his day as well as the names of the officers of bank-



KENTON WARNE
SECOND VICE-PRESIDENT FIRST NATIONAL
BANK, PHILADELPHIA

ing houses, firms, corporations, etc. By his uniform courtesy and attention to the bank's customers he has won a legion of friends for his institution.

Frederick S. Giger celebrated his fiftieth anniversary with the First National Bank July 22, 1914, having entered the bank July 22, 1864, when he was sixteen years old. He has been a most faithful man and for the past thirty years has filled the position of paying teller and has charge of the entire cash of the bank. In his handling and rehandling of the cash entrusted to him he has probably handled more than the entire wealth of the United States. Notwithstanding the fact of his long service he attends to his duties daily and is genial and courteous to all who come in touch with him and has made hosts of friends for himself and for his institution.

Both Mr. Warne and Mr. Giger are

deeply interested in all projects that have for their object the advancement and benefit of their associates in the banking business. They were instrumental in organizing the Bank Clerks' Athletic Association, which for many years held a leading place in Philadelphia athletics, and were also the pioneers in the work of instructing bank men in the theory and practice of modern banking. They are interested in the Bank Clerks' Beneficial Association, which provides a liberal insurance for the families of its members. Mr. Giger is vice-president of the association. They are both members of the Philadelphia Chapter American Institute of Banking and take considerable interest in its affairs. It may interest bank men generally to know that the Saturday half holiday, which so many enjoy, was largely the result of the untiring and persistent efforts of Mr. Warne and Mr. Giger to secure this important legislation.



FREDERICK S. GIGER
PAYING TELLER FIRST NATIONAL BANK
PHILADELPHIA

Book Reviews

INDUSTRIAL COMBINATIONS AND TRUSTS.

Edited by William S. Stevens, Ph.D.
New York: The Macmillan Co.
(Price \$2.00 net.)

THE aim of this volume is two-fold: first, to place within the reach of those who are studying the trusts material which has heretofore been either difficult of access or altogether unavailable, and to afford to the ordinary reader who chances to be interested in the subject of trusts a fair knowledge at first hand of the historical development of the trust movement in the United States, and a thorough comprehension of the problems in regard to the trusts which the country is facing to-day.

Following these objects much original documentary evidence is given exhibiting the history and methods of the trusts, and this is supplemented by recent trust decisions and actual and proposed methods of dealing with these corporate aggregations.



HONEST BUSINESS. By Amos Kidder Fiske, A.M. New York and London: G. P. Putnam's Sons. (Price \$1.25.)

TRACING much of the cause of present unrest to an unfair division of labor, the author proceeds to an examination of the means of finding and applying the proper remedy. He reaches this conclusion:

"The real remedy for wrongs, the actual means of establishing rights, must be found in the resources of human character, its capacity for development and its guidance by sound principles and high motives, and that is a matter of education and discipline of the moral faculties of mankind, which should begin with the earliest years of childhood and be carried on to the last days of

life. It is the work of families, of schools, of churches, of all the intellectual, moral and religious forces of human society, and not of legislatures or rulers, which are merely the agents for accomplishing what society demands."

Throughout the views expressed are lucid, humane and just, and in accordance with modern standards of thought. More than that, the volume from cover to cover is intensely interesting.



MONEY AND BANKING. By John Thom Holdsworth, Ph.D. New York: D. Appleton & Co. (Price \$2.00 net, postage extra.)

A VERY acceptable text book has been produced by Professor Holdsworth on a subject in which great progress has been made in the United States during the past few years. While there are several good books on different branches of money and banking, most of them are more or less out of date by reason of the absence or inadequacy of their discussion of rediscount, acceptances and central banking. On these subjects the book of Professor Holdsworth is sane, sound, clear and up-to-date.

It is significant of the great progress which has taken place in monetary science and in public opinion during the past fifteen years, that the old controversies over bimetallism and the gold standard have been practically relegated to the lumber-room of academic discussion. Of 402 pages of text in the present book only 120 are devoted to the subject of money as distinguished from banking, and the author apparently begrudges even this; for he says in the preface that "The effort has been made to compress this part of the book into the smallest space consistent with a presentation of essentials."

The great development of the system of credit which has taken place in recent years has given an importance to banking measures and methods as the means of transferring commodities which make this the most important practical branch of monetary science. Under this head Professor Holdsworth makes a clear exposition of the system of loans and discounts, the defects of the national banking system, and the mechanism of the Federal Reserve system. A valuable feature of the book is the presentation of twenty-five forms of banking and commercial instruments, like checks, bills of exchange and letters of credit. A student unfamiliar with practical banking may read many pages of explanation of these instruments without crystallizing his conception of them half so clearly as by visualizing their form.

There is room at the present time for a book of this character. There will be room after the European War for a book dealing with the illuminating experiences in the employment of credit and the new lessons which the war has taught in regard to the employment of both banking and government currency issues.



ECONOMICS OF BUSINESS. By Norris A. Brisco, Ph.D., F.R.H.S. New York: The Macmillan Co. (Price \$1.50 net.)

THE study of the various kinds of business activities has produced a literature treating of different phases of business. Of all such contributions, the author regards as most significant those made by successful business men who have recounted their own experiences, pointed out the broad principles to be derived therefrom and explained the methods by which these principles may be specifically applied. From an analysis of such data, and from a study of the methods of many successful business enterprises have been deduced the fundamental principles underlying business. To express these principles in clear and simple language, is the de-

clared purpose of this book, and it has been well carried out.

The topics discussed include "Economic Basis of Business," "Types of Business Organization," "Principles of Management," "Analysis of Cost Accounting," "Efficient Business Methods," "Buying," "Selling," "Advertising," "Money and Credit," etc., etc.



THE INCOME TAX. By Edwin R. A. Seligman, Professor of Political Economy, Columbia University. New York: The Macmillan Co. (Price \$3.00 net.)

THIS study of the history, theory and practice of income taxation at home and abroad, by so competent an authority as Professor Seligman is highly valuable just now when many of the people of this country are having their first experience with this form of taxation.

The present edition of the book, which is the second, contains a chapter on the new Federal income tax, and the chapter on the State income taxes has been rewritten so as to include a description of the Wisconsin income tax. Additions and corrections have been made in other chapters and the bibliography enlarged.



AMERICAN RAILROAD ECONOMICS. By A. M. Sakolski, Ph.D. New York: The Macmillan Co. (Price \$1.25.)

AT present the railroads of the country are the subject of heated economic and political discussion. In this book, which is the product of the author's activities as an investment analyst in New York and as an instructor in railroad finance at the New York University School of Commerce, Accounts and Finance, it is the purpose to present a critical examination of facts and figures, derived from railroad reports and other publications, with a view to assisting in the correct judg-

ment of railroad activities and operating results.



BOOKS RECEIVED

ESSAYS IN TAXATION. By Edwin R. A. Seligman, Professor of Political Economy, Columbia University. Eighth edition, revised and enlarged. (Price \$4.00 net.) New York: The Macmillan Co.

THE DISTRIBUTION OF WEALTH. By John R. Commons. (Price \$1.25 net.) New York: The Macmillan Co.

MERCANTILE CREDIT. By James Edward Hagerty, Ph.D. (Price \$2.00 net.) New York: Henry Holt & Co.

MATHIESON'S AMERICAN EXCHANGE TABLES. (Price 7s. 6d. net.) London: Effingham Wilson.



E. A. Walton, Burroughs Advertising Manager

EDWIN A. WALTON, for the past three years advertising manager of the Timken Companies, recently resigned his position to accept the appointment as advertising manager of the Burroughs Adding Machine Company.

This change of Mr. Walton's carries with it more than the usual amount of interest attached to the movement of successful advertising men. It is a "return engagement" for him, and it means all that the term implies. About three years ago he resigned the position of assistant advertising manager of the Burroughs, after having served in that capacity for some time, to assume the duties of advertising manager of the Timken Companies. While with the Timken people, Mr. Walton built up an efficient advertising department and is accredited with having conducted one of the most successful advertising campaigns in the history of the motor-car industry.

Naturally quick in discovering and



EDWIN A. WALTON

ADVERTISING MANAGER BURROUGHS ADDING MACHINE CO., DETROIT, MICH.

applying the point of contact in the layman's mind, Mr. Walton has a genius for writing common sense, human interest copy which compels and holds the attention of the reader. He is a disciple of the truth in advertising and is a great admirer of originality in any line of work. He is well known in advertising circles, being at the present time a directors in the Association of National Advertisers.



Income Tax Record

A VERY attractive Income Tax Record Book, suitable for the tabulation of all items of income, exempt or taxable, has been prepared by N. W. Halsey & Company, New York, Philadelphia, San Francisco and Chicago. This book is now being distributed gratis to income taxpayers throughout the country.

Foreign Banking and Finance

European

BANK OF FRANCE

THE report of the Bank of France for the year 1914 shows that the amount of gold in hand increased more than 640,000,000 francs (\$128,000,000), bringing up the gold reserve at the end of the year to 4,400,000,000 francs (\$880,000,000).

On December 24 last, the Bank of France had loaned to the Government 3,900,000,000 francs (\$780,000,000), and to private borrowers for commercial and industrial purposes 4,481,000,000 francs (\$896,200,000). The dividend rate was decreased by ten francs as compared with 1913.



MORATORIUM WAIVED.

FIVE of the leading French banks began making payments on demand after the first of the year, the same as they were doing prior to August 1. They renounced all benefits conferred by the moratorium.



LONDON STOCK EXCHANGE REOPENED

RESUMPTION of business at the London Stock Exchange took place on January 4, the Exchange having been closed since July 30.



DECLINE IN LONDON CLEARINGS

TRANSACTIONS of the London Clearing-House Association for 1914 were £14,665,048,000, compared with £16,436,404,000 in 1913. Gains

made during the first half of 1914 were more than offset by the losses of the second half after the breaking out of the war.



LONDON JOINT STOCK BANK

THE general meeting of shareholders of this bank was held on January 28, and the profit and loss account was presented for the year ending December 31. After making provision for bad and doubtful debts and for the regular yearly reduction in cost of premises, the net profit, including £62,326 brought forward from last year, was £515,506. Of this £326,700 was applied to dividends, £100,000 as a special reserve for depreciation of investments and other contingencies, and £88,806 was carried forward to new profit and loss account.



LONDON BANKING FIRMS MERGE

THE amalgamation of two small, old-established London banking houses is announced—Woodhead & Company, navy agents and bankers, and Holt & Co., army agents and bankers. Both firms are a century old and the merger is another instance of the tendency of the old private banks to lose their original identity either by amalgamation or by absorption into larger institutions.



RUSSIAN-AMERICAN BANK

FROM the American consul at Moscow comes the following:

"It would be possible at this time for American capitalists to acquire at low

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

prices shares of certain Russian concerns, oil-bearing properties, copper mines, and railroad concessions. For this purpose it would be necessary to organize a Russian-American bank, which would be of special importance in connection with concessions for railway construction or irrigation work. At the present time the exchange of goods between the United States and Russia has been largely indirect, owing partly to the lack of an American credit institution in Russia to supply information concerning the financial position of customers. If a Russian-American bank were established now, it would probably play an important part after the present war, since it appears that Russia must turn to the United States for funds for its Government and industries, which Europe will then be unable to supply.

"The establishment of such a connection between Russia and the United States would, it is believed, bring about a certain Americanization in methods of attracting capital. For instance, the construction of railroads in Siberia and northern Russia could be encouraged by supplying the railroad companies with a certain amount of land, as has been done in the United States, which would result in the colonization of the districts traversed."



Australasian

WESTERN AUSTRALIAN BANK

NET profits of this bank for the half year ended September 28 were £29,954, which added to the amount brought forward from last year gave a total of £44,389. The reserve fund of the bank is now £680,000.



BANK OF NEW SOUTH WALES

IN addressing the recent half yearly meeting of the shareholders of the Bank of New South Wales in Sydney, the chairman of the directors observed, says the "British Australasian," "that the position of the institution was one

Banco Agricola Comercial

Established 1895

SAN SALVADOR, REPUBLIC OF SALVADOR, C. A.

Authorized Capital, **\$5,000,000.00**
Reserve Fund, **100,000.00**

Paid-up Capital, **\$1,000,000.00**
Special Reserve Fund, **322,201.67**

J. MAURICIO DUKE
J. MAURICIO DUKE h.

MIGUEL YUDICE
RAFAEL GUIROLA D.

FRANCISCO DUEÑAS
Manager, **F. DREWS**

DIRECTORS

CORRESPONDENTS

London: The Anglo-South American Bank, Ltd., with which is incorporated The London Bank of Mexico & South America, Limited. Paris: Comptoir National d'Escompte de Paris; Perier & Cie. Hamburg: Deutsche Bank Filiale Hamburg; Conrad Hinrich Donner; Carlo Z. Thomsen; The Anglo-South American Bank, Ltd. Barcelona: Banco Espanol del Rio de la Plata; Garcia-Calamarte & Cia. New York: G. Amsinck & Co.; Bloom Bros. San Francisco: The Anglo & London Paris National Bank. Mexico: Banco de Londres & Mexico. Guatemala: Banco Internacional.

of great strength. As compared with the corresponding half year in 1913 there was an increase of £2,390,000, approximately, in the coin and cash balances, of which £1,600,000 was in London. Money, which in normal times would have been at short call, owing to the war was held in cash at the Bank of England, to meet requirements in connection with exchange business. The total liquid resources amounted to £21,779,989 at September 30 last, an increase of £1,416,115 in the year, while deposits expanded by £2,720,000, and advances were greater by £1,820,000.



Asiatic

POSTAL SAVINGS IN JAPAN

ACCORDING to the Statistical Bureau, the progress of postal savings deposits keeps pace with that of Japan's population.

Banco de Guatemala

Established
July 15, 1895

Guatemala
C. A.

Directors

ADOLFO STAHL D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSEL, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 7,200,389.69
Contingency Fund 3,000,000.00

Foreign Correspondents

New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Seligman & Co.; The National City Bank of New York. San Francisco, Cal.: The Anglo & London Paris National Bank of San Francisco. New Orleans: The Whitney-Central National Bank. Mexico: Banco Nacional de Mexico. Paris: Messrs. de Neuville & Cie. London: Deutsche Bank (Berlin), London Agency; London County & Westminster Bank, Ltd. Hamburg: Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne; Messrs. Schroder, Gebroder & Co.; Mr. Carlo Z. Thomsen. Madrid: Messrs. Garcia Calamarte & Cia. Barcelona: Messrs. Garcia Calamarte & Cia.; Banco Hispano Americano. Milano: Credito Italiano.

Agencies in Guatemala

Antigua	Puerto Barrios	Escuintla
Jutiapa	Zacapa	Mazatenango
Pochuta	Coban	Ocosingo
Castepeque	Retalhuleu	Tumbador
Livingston	Salama	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

NOYES & COMPANY

Established 1879

Foreign Bills

Government and Municipal Bonds

8, Place Edouard VII.

PARIS - FRANCE

At the close of 1913 the population of the country was estimated at 54,843,083, against 51,458,092 of the previous census of 1909. The annual progress is thus estimated at 676,800.

For the same period postal savings deposits showed a similar increase. The number of depositors progressed from 8,325,000 to 11,240,000. In the amount of deposits also there was an increase from \$50,000,000 to \$92,000,000.

The ratio of progress for the last five years is 6.6 per cent. in the case of population. In postal savings deposits it is forty-three per cent. in the number of depositors and eighty-four per cent. in the amount of the deposit. The amount of the depositors per capita has increased from 1.94 yen (\$0.967) to 3.36 yen (\$1.674) for the five years. The average amount of deposits is also an increase from 12 yen (\$5.976) to 15.40 yen (\$7.669).



Latin-America

PARAGUAY'S AGREEMENT WITH GOVERNMENT BANK.

AN agreement has been made between the Government and the Bank of the Republic of Paraguay by which the bank's conversion fund of \$1,500,000 was turned over to the Government. The conversion fund was accumulated under the law of 1908 estab-

FOUNDED 1844

G. LAWTON CHILDS & CO., Ltd.**AMERICAN BANKERS****HAVANA****CUBA**

Transact a general domestic and foreign banking business. All banking matters entrusted to us handled promptly and with care.

Special attention paid to collections in Havana and all parts of Cuba.

Principal Correspondents**NEW YORK CITY :**

National Bank of Commerce
in New York

LONDON :

Baring Bros. & Co., Limited

PARIS :

Morgan, H&Jes & Co.

BERLIN :

L. Behrens & Soehne

MADRID :

Garcia, Calamarie y C.

lishing the bank, and providing for an export duty of \$1 gold to be deposited with the bank for every hide exported from the country, and 10 per cent. of the net profits of the bank. The conversion of the paper in circulation was

to take place at the rate of 10 to 1. The agreement deprives the bank of the exclusive right to issue paper money.

**ARGENTINE FINANCES**

REPPLY is made by "La Nacion" of Buenos Aires to a statement attributed to the New York Chamber of Commerce to the effect that it is necessary to wait for South American financial conditions to improve, and that consequently American business men must act with caution, helped by bankers. As to this "La Nacion" says:

"Such preventions are unfitted for us. We have no deficit in our interchange. Our exports are considerably greater than our imports, and reductions caused by present circumstances do not affect the commercial solvency of our republic."

In regard to Lloyd George's statement in the British Parliament that Argentina owes England £400,000,000, "La Nacion" says:

"Really we do not owe England \$2,000,000,000, because such a sum, though invested here, is the property of the shareholders. What we positively owe is the income, which ascends to 80,000,000 pesos annually. They have not sold that capital, but lent it to us. To say we owe it is an error, as it would be

MERCANTILE BANKING COMPANY, Ltd.**Avenida San Francisco No. 12****CITY OF MEXICO****Capital, \$500,000.00****Surplus, \$100,000.00****Members of the American Bankers' Association****GEO. J. McCARTY, President****K. M. VAN ZANDT, Vice-Pres. & Mgr.****H. C. HEAD, Cashier****SHUR WELCH, Assistant Cashier**

**A General Banking Business Transacted
Telegraphic Transfers**

**Foreign Exchange Bought and Sold
Letters of Credit**

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

an error for a man who rents a house to believe he owes the value of the house to the proprietor."



AMERICAN BANKS IN VENEZUELA

THE American Minister writes from Caracas, Venezuela, that branches of American banks would be welcomed there, as present banking facilities are negligible. He expresses the belief that the establishment of branches of American banks in Venezuela would quickly secure and retain the trade of that country.



NEW COSTA RICAN BANK

THE International Bank of Costa Rica (Banco Internacional de Costa Rica) was founded under the provisions of Executive Decree No. 16 of October 9, 1914, and began business on November 3, 1914. It is a Government bank of issue with a capital of 2,000,000 colones (\$930,000), consisting of Costa Rican Treasury bonds, which are guaranteed by the surplus of customs receipts and income of National Liquor Factory not already hypothecated for the service of the foreign debt. Besides the capital represented by the aforementioned bonds, there are £332,800 (\$1,619,571) of refunding bonds

deposited in the National City Bank of New York to the order of the new bank. This is an emergency bank established to meet the exigencies of the financial crisis caused by disturbed conditions in Europe and is to be liquidated one year after declaration of peace. The new bank has been well received, and its operations show encouraging prospects.



ARGENTINE LOAN

AN Argentine loan for \$15,000,000 (American currency) was negotiated last month by a syndicate of bankers composed of National City Bank, Guaranty Trust Co., and Harris, Forbes & Co., New York; Continental and Commercial Trust and Savings Bank, and Illinois Trust and Savings Bank, Chicago; Fourth Street National Bank, Philadelphia; Mellon National Bank and Union Trust Co., Pittsburgh, and First National Bank, Boston.

This loan, which is in the form of six per cent. \$1,000 coupon notes, is exempt from all Argentine taxes, and the interest and principal are payable in United States gold at the National City Bank, New York. The following particulars accompanied the announcement of the loan:

These notes are issued under authority of Law No. 9,468 of January 16, 1914, and are the direct general obligation of the Argentine Government,

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$919,682.79

Deposits, \$3,308,318.68

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais; Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

whose faith and credit are pledged for the prompt payment of the principal and semi-annual interest as they severally fall due. There will be embodied in the text of each note the following agreement:

"The Government of the Argentine Nation covenants that during the life of this loan no more favorable conditions as to security will be given any other loan of the Government of the Argentine Nation without equally securing this loan both as to principal and interest."

Only one issue of Argentine Government bonds has a specific lien upon import duties. The total interest and sinking fund charges on this issue amounted to only \$2,453,230 in 1913, or less than three per cent. of the total (\$84,540,316) import duties.

The total external and internal funded debt of the Argentine on December 31, 1913, was \$525,493,137. The amortization payments for 1913 amounted to \$9,793,171, and the interest to \$24,640,515, a total of \$34,433,686 for the service of the debt. As the national revenues in that year aggregated \$148,266,329, the interest charges consumed but 16 2-3 per cent. and the total debt service only 23.3 per cent. of the total revenues.

The population of the Argentine on December 31, 1913, according to official estimate, amounted to 7,704,396. The preliminary indications from the census taken in June, 1914, are that this

estimate was too low and that the present population of Argentine is over 9,000,000. Buenos Aires, the capital of the Republic, with a population, as shown by the 1914 Census, of 1,560,163, is the fourth largest city in North and South America. The area of the Argentine comprises 738,000,000 acres. Superimposed upon the United States it would cover the entire region east of the Mississippi River plus the State of Texas.



VENEZUELA

DEMAND for better banking facilities is made in a recent report from the American Minister to Venezuela. His report states that, as a consequence of the war in Europe, Venezuelan merchants and exporters can no longer draw upon correspondents in London, Paris, Hamburg, etc., upon exports of merchandise. They are convinced that the situation can be relieved only in case local exporters can obtain in the United States the financial accommodation that they have heretofore obtained in Europe.

"This relief," says Mr. McGoodwin, "would be afforded if banking interests in New York would extend to reputable commission houses in that city facilities for rediscount of drafts made upon them by exporters here, such drafts being at thirty to sixty days' sight, with bill of

Banco Comercial de Costa Rica

San Jose, Costa Rica, Central America

(Founded 1st June, 1905)

Capital, \$1,750,000.00

Reserves, \$546,238.41

Managing Director, THOMAS SCOTT

Collections for Foreign Houses promptly attended to. Deposits are received in American Money repayable at maturity by sight draft on New York, New Orleans or San Francisco. The rates of interest at present allowed are:

On deposit for 6 months 6 per cent. per annum

On deposit for 12 months 7 per cent. per annum

DEPOSITS

31st of March, 1910	\$1,270,087.74	31st of March, 1912	\$3,397,658.26
31st of March, 1911	1,690,705.28	31st of December, 1912	4,414,218.57

lading attached for sixty to eighty per cent. of the value of simultaneous shipments of coffee, cacao, hides, etc. In the opinion of the persons consulted the aggregate amount of such credit extension would probably not exceed \$1,000,000 at any time; and, allowing for the most unfavorable and improbable market conditions, it would not exceed \$3,000,000. The rate proposed is 6 per cent.

"The conditions that restrict Venezuela's exports to Europe must, in like manner, limit her purchasing power in European markets. Merchants here must, therefore, procure the larger part of those foodstuffs and manufactured goods of which the country is in constant need from the United States. There should thus be stimulated a largely increased reciprocal trade."



EXTENSION OF PARAGUAY'S MORATORIUM.

THE Paraguayan Congress has extended the moratorium until August 31, 1915, for obligations without date of payment or falling due before August 14, 1914; and until 290 days after the date of their maturity, for obligations falling due between August 14, 1914, and May 31, 1915.

In his message, transmitting the project of law to the National Congress, the President states that the circumstances (attributed to the present war)

that made necessary the law (moratorium) of August 2 still exist and demand the protection provided in the project of law.

The following exceptions are made to the operation of the moratorium: Obligations contracted after the promulgation of the law; obligations arising from bank deposits made after August 14, 1914; obligations arising from noninterest-bearing deposits; earned interest from July 1, 1914; wages and salaries. The moratorium does not affect the right to present bills of exchange or their acceptance, nor the formality of legal procedure established to preserve the validity of the document. A creditor may demand payment of an obligation in gold or foreign money, the same as if the moratorium did not exist, by converting his claim into legal paper money at the official rate fixed for the collection of fiscal dues.



Cuba

TRUST COMPANY OF CUBA

FOR the year 1914, the Trust Company of Cuba, Havana, made a net profit of \$91,684—over eighteen per cent. After the usual dividend at the rate of six per cent. per annum was paid, \$50,000 was transferred to surplus, making the total \$250,000, or fifty per cent. of capital, and the balance was carried over in profit account.

Prohibition in the Pacific Northwest

TWO States in the Pacific Northwest, Oregon and Washington, have passed State-wide prohibition laws. This of course is not equivalent to prohibition itself, as human experience has long known. Unless there is a sustaining and not-to-be-trifled-with public opinion back of them, these are the

easiest of all laws to be nullified through non-enforcement. A prohibition which does not prohibit is a spectacle familiar in many States, but we believe the rule is the other way in women suffrage States, as it can be depended upon that the women will stand no nonsense in this matter and those once elected to

enforce such a law, who do not do so, will not get another chance. This is understood to be the rule in Idaho, which is another Pacific Northwest State rapidly passing from successful local option to State-wide prohibition.

Suppose in these States there be achieved a prohibition which prohibits; will it be disastrous, or even detrimental, from a business standpoint? A few people think the former, a great many people think the latter. And a great many also there are who voted for prohibition as a warning to the liquor interests, but who now think the change is coming too soon, as a matter of economic right.

It is a matter of some interest, however, to see how the banking interests are now adjusting themselves to the new conditions. "I talked 'wet' before the election," we heard a prominent banker say recently; "now I am talking 'dry.'" This change is widespread and

very noticeable. It is now being denied on all sides by business men who voted against prohibition that any business injury arising from it will be general. From a personal investigation of the matter we have found that bankers, almost without exception, who have tried both, prefer to do business in a "dry" community. People under such conditions come so much nearer doing what they agree to do. It is easy to sell a drunken man more than he ought to buy and more than he can pay for. The net return to business in a "dry" community is probably about the same as it is in a "wet," but with far less work and worry. And the Lord knows that bankers have enough worry in matters against which no foresight can provide remedy or mitigation. Every cloud has a silver lining, and if we mistake not, prohibition, which has looked dark to so many, is lighting up with streaks of hope for better days.—*Pacific Banker*.



Websters' New International Dictionary

THE publishers of this standard work now style it "a new creation from cover to cover," and state that the general information in the volume is practically doubled. An important feature is the divided page, the more important words being placed above and those of less importance below. This will undoubtedly prove popular, for it saves time in looking up words most commonly used.

In all branches the work of reconstruction has been radical and comprehensive. The synonyms are entirely a new work, in extent and character distinctly superior to the old. The etymologies have been revised throughout, and in many directions represent original work of special value. In spelling and pronunciation the best usage is recorded, and deviations therefrom are also recorded, and even the existence of slang is recognized, since words of this char-

acter, through long usage, frequently gain entrance into respectable vocabularies.

The present volume contains about 2,700 pages and about 6,000 illustrations. The "India Paper Edition" is one-half the thickness and weight of the regular edition.

While "Webster's New International Dictionary" is presented as a really new dictionary of the English language, it has been developed by Messrs. G. & C. Merriam Co., Springfield, Mass., during the time from 1843 to the present. In this volume scholarly perfection and genuine utility have been the aim. The old-time appeal of Webster's publishers to the public has been, "Get the Best," and in preparing this new edition they have impressed upon themselves and their associates the injunction, "Make the Best."

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

total resources of this company are now in excess of \$265,000,000.

—Albert H. Wiggin, president of the Chase National Bank, and chairman of the "gold fund committee," sent out a letter to subscribers to the gold fund on January 27, which contained this statement:

"The gold fund committee, believing that conditions are such that it is no longer necessary to continue the fund, has decided to make no further calls upon the contributors and to release contributors from the balance of their subscriptions. The cash on hand from proceeds of exchange sold and the unsold gold already paid in to the committee will be returned. The committee desires to express its appreciation and thanks for the co-operation of the contributors in rendering a distinct public service."

It will be recalled that this gold fund was subscribed some time ago by the bankers of the country to meet the abnormal conditions then existing in the foreign exchange situation. These conditions having gradually improved in the course of trade, the necessity for this expedient no longer exists.

—Beverly D. Harris, vice-president of the South Texas National Bank of Houston, has been elected a vice-president of the National City Bank of this city.

Mr. Harris is widely known through the South as a banker. He was formerly connected with the National City Bank of Dallas.

—Ernest H. Cook has been appointed assistant secretary of the Union Trust Company's Plaza Branch. Mr. Cook was for ten years assistant cashier of the Plaza Bank up to the time of its acquisition by the Union Trust Com-

EASTERN STATES

New York City

—On January 27 the complete retirement of the \$144,000,000 of emergency currency was effected.

—The Guaranty Trust Company in its statement of December 24, issued in response to the call of the State Superintendent of Banks, showed total deposits of more than \$211,000,000, as compared with \$149,000,000 on December 9, 1913—a gain of more than \$61,000,000 in the twelve months. The



pany, when he was appointed assistant manager of the Plaza Branch.

—J. T. Monahan, manager of the New York agency of the National Bank of Cuba, has been elected a member of the board of directors of the Cuban Telephone Company.

—Hugh S. McClure and Walter B. Tallman, who have been connected with the American Exchange National Bank for a number of years, are new assistant cashiers of that bank.

—Charles D. Smith and Wm. P. Holly are new assistant cashiers of the Chase National Bank. Mr. Smith has been connected with the bank since 1892 and Mr. Holly since 1901.

—On January 21 the East River National Bank celebrated its fiftieth anniversary as a national bank. It was founded as a State bank in September, 1852, and became a national bank on January 21, 1865.

—The Metropolitan Trust Company has elected two new directors to fill vacancies on the board. Herbert Parsons, of Parsons, Closson & McIlvaine, was chosen to fill the place made vacant by the recent death of his father, John E. Parsons. Harold I. Pratt, of Chas. Pratt & Company, 26 Broadway, was the additional director elected.

Mr. Parsons represented the Thirteenth New York City district in the 59th, 60th, and 61st Congresses. He was president of the New York County Republican Committee during the years 1905-1909 inclusive. He was formerly prominent in the National Guard, where he served as Judge Advocate. He is president of the Greenwich House Settlement and is interested in various charitable institutions.

Mr. Pratt is interested either as director or officer in the following: Brooklyn Trust Company, Brooklyn Savings Bank, The Thrift, Union Mortgage Company, Chelsea Fibre Mills, Self-Winding Clock Company, Morris Building Company, and Paint Creek Coal and Land Company. He is president of the Brooklyn Hospital and a trustee of the Pratt Institute.

—E. V. Connolley, formerly cashier of the Commercial National Bank, Long Island City; J. E. Provine, William E. Douglas and H. L. Sparks are new assistant cashiers of the National Park Bank.

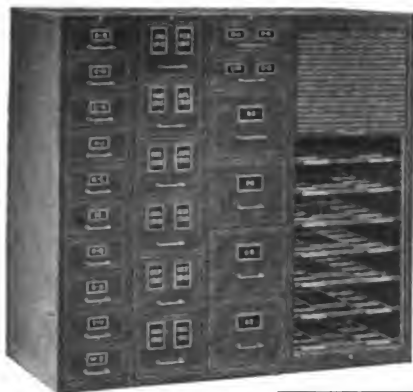
—Professor William M. Campbell, of New York University, is the new president of the American Savings Bank.

—John W. Peddie has been elected an assistant cashier of the Garfield National Bank.

—Directors of the Lawyers' Title Insurance and Trust Company and the Home Trust Company have agreed to a merger, the title of the first-named institution to be retained.

—Edward R. Carhart, former president of the Produce Exchange, has been elected a vice-president of the Battery Park National Bank.

—Announcement is made of the expiration by limitation of the co-partnership of Fisk & Robinson, dealers in investment securities, and the retirement of Harvey E. Fisk. The business will be continued at the offices of



Vault Filing Equipment on the UNIT Plan

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BAKER-VAWTER COMPANY

Bank Accounting Systems Steel Filing Equipment

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HOLYOKE, MASS.

OFFICES—In all principal cities SALESMEN—Everywhere

the old firm, No. 26 Exchange Place, under the firm name of Robinson & Co.—the members being George H. Robinson and Thomas G. Cook, the former partners, and J. Stanley-Brown, who has been associated with them for many years.

Mr. Robinson's entire business career has been in "the Street." Through his personal management of the financing of large issues of corporate, Government, State and municipal issues, he is widely known in the financial district.

Mr. Cook, immediately upon his graduation from the Johns Hopkins University in 1901, became actively interested in the investment side of banking and has followed that career uninterruptedly ever since. His first connection with Fisk & Robinson was in 1904, and he became a partner in that firm in 1910.

Mr. Stanley-Brown has been associated with the other members of the firm since 1905. He has had a varied and wide experience in fields having a direct relationship to the investment business. He received a technical training in the Scientific Department of Yale; held the position of private secretary to President Garfield; was the representative of D. O. Mills in his Alaskan fur-seal interests; occupied a confidential relation to the late E. H. Harriman during three years of the most intense railroad and industrial concentration known to the United States, and has been connected with the management of enterprises of this

character, and for a number of years a student of banking and economics.

—H. D. Robbins, since 1905 with N. W. Halsey & Co., announces his resignation from that organization to engage in the investment security business under his own name, with offices at 43 Exchange Place. Mr. Robbins offers to clients his personal services in selecting the securities best adapted to their specific investment requirements.



H. D. ROBBINS

THE GARFIELD NATIONAL BANK

Fifth Avenue Building

Corner Fifth Ave. and Twenty-Third Street.

NEW YORK

CAPITAL
\$1,000,000

SURPLUS
\$1,000,000

OFFICERS

RUEL W. POOR, President
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cashier
JOHN W. PEDDIE, Asst. Cashier

DIRECTORS

Charles T. Wills	Morgan J. O'Brien
Ruel W. Poor	Thomas D. Adams
Samuel Adams	Robert J. Horner
Wm. H. Gelsheuen	A. Pagenstecher, Jr.
Frederick T. Fleitmann	

He began his business career with the McCormick Harvesting Machine Company, and later became associated in a confidential capacity with the late Frank H. Cooper, of Chicago, remaining with him until his death, in 1904. A few months later Mr. Robbins entered the employ of N. W. Halsey & Co.

Mr. Robbins has been prominently identified with the movement to educate the public as to the principles of sound

investment and the character of services offered by reputable houses, and has also been prominently identified with the movement to eliminate dishonest advertising from the public prints, particularly with respect to offerings of securities.

—George G. Milne, Jr., of the trust department of the Lincoln Trust Company, has conceived the idea of a "travelling library" for banks and trust companies. This scheme of circulating books is one of the privileges of the New York Public Library and under the arrangement several books on given subjects are secured for a stated time. The introduction of the plan in the Lincoln Trust Company met with a hearty reception which has enabled all members of the official and clerical staff to secure for reading or study a larger selection of books than would be possible or practicable to purchase for one's permanent library.

—The Bankers Club of America has been organized and will have quarters on the top floor of the New Equitable Building. A. B. Hepburn, chairman of the board of directors of the Chase National Bank, is president. Members are to be received from banks in all parts of the country.

—A merger of the Mutual Alliance Trust Company has been effected with

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,925,000

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JULIAN D. FAIRCHILD, President
JULIAN P. FAIRCHILD,
WILLIAM HARKNESS,
D. W. McWILLIAMS,
WILLIAM J. WASON, JR.,

Vice-President

THOMAS BLAKE, Secretary
HOWARD D. JOOST, Asst. Sec'y
J. NORMAN CARPENTER, Trust Officer
GEORGE V. BROWER, Counsel

TRUSTEES

WALTER E. BEDELL
EDWARD C. BLUM
GEORGE V. BROWER
FREDERICK L. CRANFORD
ROBERT A. DRYSDALE
JULIAN D. FAIRCHILD
JULIAN P. FAIRCHILD
JOSEPH P. GRACE

WILLIAM HARKNESS
JOSEPH HUBER
WHITMAN W. KENYON
JOHN McNAMEE
D. W. McWILLIAMS
HENRY A. MEYER
CHARLES A. O'DONOHUE
CHARLES E. PERKINS

DICK S. RAMSAY
H. B. SCHARMANN
JOHN F. SCHMADEKE
OSWALD W. UHL
JOHN T. UNDERWOOD
W. M. VAN ANDEN
LLEWELLYN A. WRAY
JOHN J. WILLIAMS

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS.

TWENTY-SEVENTH ANNUAL STATEMENT
OF THE

American Real Estate Company

FOUNDED 1888

General Offices, 527 Fifth Avenue, New York City

**Condensed Balance Sheet at close of business,
December 31st, 1914**

ASSETS

Real Estate—Land and Buildings		\$26,907,763 90
Less: Total Mortgages Thereon		11,710 860.00
Net Valuation of Real Estate Owned		\$15,196,803.90
Mortgages Owned	\$1,659,352.40	
Securities of Other Companies	220,000 00	
Leasehold Property in New York City	20,000.00	1,899,352 40
Cash in Banks and Offices		327 947.76
Accounts and Bills Receivable and Interest Receivable, due and accrued		201,278 26
All other Assets, Accruals, etc.		96,318 52
Total		\$17,721,700 83

LIABILITIES

6 per cent. Coupon Bonds and Certificates—Fully Paid		\$3,362,394 24
6 per cent. Accumulative Bonds and Certificates—Installments paid in and Interest accrued thereon		5,329,730 73
Accounts Payable and Reserves for final payments on Building Contracts		51,981 56
Interests on Mortgages—Accrued but not due		155,452.10
Interest on fully paid Bonds, etc., Accrued but not due		198,764 77
All other Liabilities—Accruals, etc.		64,522.03
Capital Stock—7 per cent. Preferred Stock	\$1,803,100.00	
Common Stock	147,200 00	
Surplus	1,610,555.41	3,560,855 41
Total		\$17,721,700.83

**Detailed Statement certified to by Appraisers and Public Accountants
will be mailed upon request**

DIRECTORS

EDWARD B. BOYNTON, President	WILLIAM B. HINCKLEY, Vice-President
AUSTIN L. BARCOCK, Vice-Pres. & Sec'y	RICHARD T. LINGLEY, Treasurer
FRANCIS H. SIBSON	GEORGE HOWE
CLARENCE S. SHUMWAY	



BANKS contemplating improvements should consult us immediately, thereby avoiding errors in planning.

*We build banks complete,
including interior work,
decorations and equipment*

Write for suggestions, giving us an idea of what you have in mind.

Bankers Building Bureau

Bureau of factories manufacturing material necessary to complete a modern equipped bank building sold direct to banks, built complete, using highest grade of materials at a conservatively economical price.

We co-operate with your local architect.

106 East 19th Street - - New York

the Chatham and Phenix National Bank. The two branches heretofore maintained by the Mutual Alliance Trust Company were taken over by the Century Bank, which has increased its capital from \$500,000 to \$600,000.

—Bert L. Haskins, N. P. Gatling and Frank V. Baldwin are new vice-presidents of the Chatham and Phenix National.



Philadelphia

—To succeed Frank M. Hardt, resigned, Charles A. McIlhenny has been appointed assistant cashier of the National Bank of Northern Liberties.

—This year's annual dinner of the Corn Exchange National Bank commemorated the fifty-sixth year of the bank's organization and its fiftieth year as a national bank.

—H. J. Keeser has been promoted from the cashiership to the vice-presidency of the Philadelphia National Bank, and W. S. Maddox, assistant cashier, was also elected a vice-president. Horace Fortescue, heretofore assistant cashier, succeeds Mr. Keeser as cashier.



Pittsburgh

—Hon. Philander C. Knox, former Secretary of State, and Thomas Morrison are new directors of the Mellon National Bank.

—E. H. Jennings succeeds R. J. Davidson as president of the Columbia National Bank.



—During the last year the National Bank of Smithtown Branch, Long

Island, N. Y., charged off \$1,400 on account of furniture and fixtures, and now has office equipment costing about \$1,000, which is off the books.

The elimination of these fixed resources from the balance-sheet is regarded as proper, because they are not a liquid asset, and also because a reduction in taxation is effected.

The number of this bank's depositors has been substantially increased in the past year.

—Rather an unusual dividend—375 per cent.—was declared a short time ago to stockholders of the Fidelity Trust Company, Newark, N. J.

It was also decided at the directors' meeting, at which the dividend was determined on, to give a special bonus to the employees of ten per cent. of their yearly salaries.

President McCarter explained that the trust company was able to declare this large dividend because of the sale of the stock held in the Prudential Insurance Company, which has been mutualized. The Fidelity Trust Company received \$9,096,000 in the settlement made under the appraisal value of the Prudential by the commission appointed by Chancellor Walker.

If this money had merely been held by the trust company, Mr. McCarter said, it would have brought the capital, surplus, and undivided profits up to nearly \$13,000,000. It was decided that this would be "uneconomic" and



IF intelligent handling of items and low rates appeal to you send us your **BUFFALO BUSINESS**

Resources, \$10,000,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Vice-President
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Assistant Cashier
G. H. BANGERT, Assistant Cashier

entail unnecessary taxation and require extraordinary labor to make it produce a proper proportion of profit.

—Officials of the First National Bank, Bordentown, N. J., received the bank's friends in the new building, on January 12. Each guest was served with refreshments and presented with a carnation.

The First National Bank was organized in 1908 and since that time has steadily progressed and now its resources are nearly \$600,000. Its flourishing condition is well indicated by this fine new home.

—A semi-annual dividend of four per cent. on its capital stock was declared by the board of directors of the First National Bank of Cooperstown,

INVESTIGATE

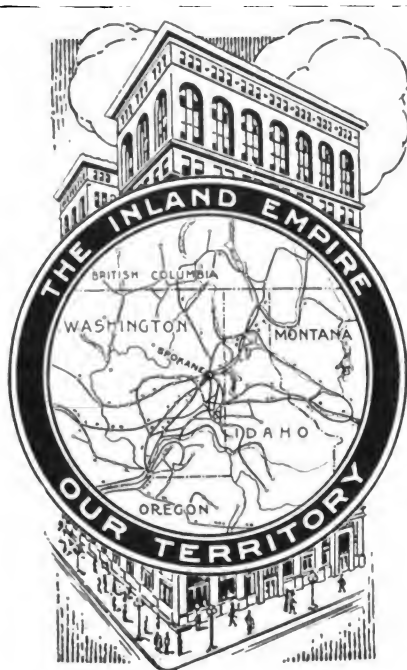
MR. BANKER: We match and print your depositor's name on the lithographed checks you furnish him in the exact style of letter used by your Bank. We print the end from a

CEROTYPE ENGRAVING

the result being, your customer's check is equal to a specially engraved design. We can use your own stock checks, or we can furnish stock checks either Cerotyped or lithographed. **WRITE FOR SAMPLES.**

Our prices are reasonable. Our service perfect.

FRANK McLEES & BROS., 18 ROSE ST., NEW YORK



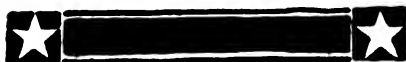
The Old National Bank of Spokane

WITH direct connections in every banking point throughout the "Inland Empire"—a region three times the size of Alabama, of which Spokane is the financial and railroad center—The Old National has the facilities to collect your Pacific Northwest items with exceptional economy and dispatch.

OFFICERS

D. W. TWOHY, President
T. J. HUMBIRD, Vice-President
W. D. VINCENT, Vice-President
J. A. YEOMANS, Cashier
W. J. SMITHSON
G. H. GREENWOOD J. W. BRADLEY
Assistant Cashier

RESOURCES : \$13,000,000



N. Y., January 30, payable February 1. This is the eighty-eighth dividend declaration made by this prosperous institution making total dividends paid of \$412,250.00. The business of the bank is now in greater volume with earnings larger than ever before.

—Seymour H. Knox has become chairman of the board of directors of the Bankers Trust Company of Buffalo, this being a newly created office. Louis H. Gethoefer was re-elected president; R. J. H. Hutton, secretary, and B. D. Folwell, treasurer. Walter P. Cooke was elected vice-president to succeed Mr. Knox.

—As shown by the compilation of the York, Pa., "Dispatch," the sum of money placed on deposit in the banks of York county during the year 1914 was, in round numbers, \$1,250,000 in excess of aggregate deposits for the year 1913.

The "Dispatch" makes this comment on the growth of banking deposits and resources in its city and vicinity:

For the year that has just passed the deposits in the forty-one national and state banks of York city and York county reached the grand total of \$22,146,015. The presentation at this time last year for the twelve months preceding showed such deposits to have been \$20,896,000. On this day last year it was pointed out that the amount of money the people of this neighborhood had been holding in bank broke all records. Now it is to be recorded that a new altitude of savings, interest and check accumulations in the financial institutions of the country has been achieved. A million and a quarter gained is little short of stupendous.

In 1913 the people of York county had on deposit \$1,139,000 more than in 1912 and \$2,932,000 more than in 1911.

This gain has been made in spite of the low prices of stocks and bonds, which, no doubt, caused the withdrawal and investment of considerable sums of money, as well as a condition of depressed business generally in the

city. In the matter of deposits at interest York city banks hold a total of \$6,884,812 in such funds, and a total of \$14,683,912 is at present in the aggregated banks of city and county.

The gain in bank deposits has not been confined to the city, as the institutions in the county outside of York show a great increase in deposits. All the banks outside the city in 1914 had total deposits of \$10,806,690, against \$10,570,000 in 1913, a gain of \$236,690 for the year. As interesting and imposing as is a statement of the amount of money deposited in the local banks, an exhibition of the magnitude of the banking industry is better shown by a publication of the aggregated bank footings for the year and comparison with the recent past bank footings at the close of 1914, for all banks of the city and county, show an aggregate of \$31,908,509, against \$31,024,000 in 1913, a gain of \$884,509. In 1912 the footings aggregated \$29,770,168. In the city of York the bank footings in 1914 aggregated \$17,080,211, against \$16,588,500 in 1913, an increase of \$491,711.

These figures, showing such magnificent and substantial increases in the material welfare of the people of York county, are revealed in a compilation of banking statistics made especially for The Dispatch and printed herewith. The compilation is based on official bank statements as per calls from the national and state governments in October and November last.

The banks of York county carry deposits aggregating \$11,339,323, against \$10,326,000 in 1913, a gain of \$1,013,323 for the year.

—This tribute is paid to Mr. J. M. Dreisbach, president of the Mauch Chunk (Pa.) Trust Company by the Mauch Chunk "Daily Times" of January 4:

"To-day is the 68th birthday anniversary of J. M. Dreisbach, president of the Mauch Chunk Trust Company. Many of his friends and neighbors and patrons of the trust company called to



Planters National Bank

RICHMOND, VIRGINIA

Capital - - \$300,000

Surplus & Profits \$1,500,000

Total Resources \$8,500,000

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier



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collecting Items on Vir-
ginia and the Carolinas**



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2700 Pages. Cost \$400,000. New Divided Page.

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G. & C. MERRIAM COMPANY, Springfield, Mass.

extend felicitations on his natal day. Other mute, but practical manifestations of respect and admiration were expressed in sweet scented flowers which bedecked his desk. Few citizens of Mauch Chunk stand in higher estimation than Mr. Dreisbach. He is regarded as a model citizen, one who always has the material progress of the town at heart along safe, conservative lines. In business circles he is esteemed for his sterling character, his sound business methods and inflexible integrity. His judgment is often sought by men high in the world of commerce and finance, thus attesting to his ripe, experienced and practical knowledge of such affairs so essential to the success of men and affairs. Many men prominent and otherwise owe much to his sage advice and attribute their success in a fair measure to his kindly, fatherly admonishment. It has been a pleasure to him to aid all who have sought his advice and they always found him cheerful in imparting it. Life hangs heavy upon the man holding such a responsible position, but with him it was a pleasure and not a task, and in the performance of his duties he was unalterably cordial and painstakingly accommodating. His fidelity to trust has had immeasurable to do with the remarkable growth and success of the Mauch Chunk Trust Company, so ably, judiciously and conservatively administered by him, making it one of the largest, safest and most reliable banking institutions in the state. “Nothing is more important or so

gratifying to his friends and the public than the fact that he has been restored to good health. A few years ago he suffered a physical break down that threatened the end of his useful and exemplary career, but thanks to a life faultlessly led combined with modern medical science he was enabled to withstand the trying siege, and gradually recover his former good health.

“On this his natal day, there is but one fervent wish—that he may long enjoy his good health, continue his labors and serve as an inspiring example to those who would emulate the life of a successful man and enjoy the fruits of general public esteem, confidence and trust that accompany it.”



NEW ENGLAND Boston

—Frederick Ayer, Jr., Carl P. Dennett, Levi H. Greenwood, Charles P. Hall and Everett Morse are new directors of the First National Bank. Olaf Olsen, who has been assistant cashier for several years, was elected a vice-president at the recent annual meeting.

—Benjamin Joy, cashier of the National Shawmut Bank, has been elected to the vice-presidency. John Joyce and J. Franklin McElwain are additional directors.

—Frederick W. Allen recently resigned from the vice-presidency of the

Mechanics and Metals' National Bank, New York, to enter the firm of Lee, Higginson & Co.



—Thos. H. West, Jr., vice-president of the St. Louis Union Trust Company, became vice-president of the Rhode Island Hospital Trust Company, at Providence, R. I., January 15. He had been with the St. Louis institution since 1908.

—Early in May the new quarters of the Lawrence, Mass., Trust Company will be completed and occupied by the company.

—At a largely attended meeting of officials of Connecticut State banks and trust companies, held at New Haven, January 20, a new organization was formed which will be known as the Connecticut Trust and State Bankers' Association. Its object will be to protect and advance the interests of the State banks and trust companies, particularly in those matters that are likely to affect them by the operation of the new Federal Reserve Act. About fifty attended, nearly all being presidents of banks or trust companies or holding some responsible office in such.

The officers elected were: President, M. H. Whaples, president Connecticut Trust and Safe Deposit Company, Hartford; vice-president, W. P. Bryan, secretary Colonial Trust Company, Waterbury; secretary, C. S. Boise, treasurer Seymour Trust Company, Seymour, and treasurer, W. Atwood, president New Britain Trust Company, New Britain.

—The preliminary arrangements are being made by President Prince and Secretary Hoyt of the Connecticut Bankers' Association for a big meeting of bankers from all over New England some time in June. For several years the Connecticut bankers have gone to Eastern Point every June and held their annual conventions at The Griswold, and the plan has been highly satisfactory to the members of the as-

Utah Savings & Trust Company Salt Lake City, Utah

General Banking—Trust—Bonding
Title Insurance—Safety Deposit Vaults

Capital . . . \$300,000
Surplus & Profits, 100,000

OFFICERS:

W. S. McCornick,	President
Arthur H. Lund,	Vice-President
Geo. Albert Smith,	Vice-President
F. M. Michelsen,	Cashier

**Facilities for thorough
Banking service.
Expedient and intelligent
handling of collections
throughout this in-
ter-mountain country.**

25 Years Old

sociation. This year it is planned to have a joint meeting of the bankers' associations of the six New England States at the same place. The tentative dates are June 18, 19 and 20, depending somewhat on the Yale-Harvard boat race. The members of the various associations would meet separately for their business sessions, and there would be a banquet one evening and a dance on the following evening, in which all would participate, and on Saturday morning there would be a joint session of the delegates from all the States. That afternoon would be given over to entertainment and sight-seeing, with Sunday to further enjoy the delights of Long Island Sound and New London harbor or return home. The idea is meeting with much favor and present indications are that there will be a larger gathering of bankers in New London next June than ever appeared in the State before.

1870

1915



Capital, \$1,000,000

Surplus, \$600,000

Located at the "Gateway of the South"

Having been established as The State Bank of Virginia 45 years ago, we have served continuously financial institutions in all parts of the South. This long period of successful service has resulted in a banking equipment that is unexcelled at

Richmond, Virginia

Another result of handling the accounts of Southern Bankers for these many years is that we know accurately the needs of financial institutions located in Southern States. Your Southern business solicited. Direct routing of items our specialty. Correspondence cordially invited.

National State and City Bank

WM. H. PALMER, President

JOHN S. ELLETT, Vice-President
J. W. SINTON, Vice-PresidentWM. M. HILL, Vice-President
JULIEN H. HILL, Cashier

SOUTHERN STATES

—John H. Trichel, cashier and director of the Continental Bank and Trust Company, Shreveport, La., from the time of its organization, became a director and active vice-president of the American National Bank of Shreveport, on January 1. Prior to locating in Shreveport, about eight years ago, Mr. Trichel had been cashier of the Exchange Bank of Natchitoches, La.

—A consolidation of the City National Bank and the National Exchange Bank, under the title of the latter, has been effected at Roanoke, Va. This gives the National Exchange Bank a capital of \$500,000, \$500,000 surplus and \$200,000 undivided profits.

—To fill the vacancy caused by the resignation of B. D. Harris from the first vice-presidency of the South Texas National Bank of Houston, J. A. Pon-

drom, formerly vice-president of the Texarkana National Bank, was elected first vice-president and director. S. M. McAshan was elected a director and was promoted to the position of vice-president and cashier. George Ellis, Jr., was elected an additional assistant cashier.

Mr. Harris, who becomes a vice-president of the National City Bank of New York, remains a director of the South Texas National Bank.

—James A. Gregg, Jr., heretofore assistant treasurer of the Wachovia Loan and Trust Company, Winston-Salem, N. C., was recently elected treasurer, and A. H. Eller, formerly trust officer, was elected secretary and trust officer.



Baltimore

—An absorption of the Howard National Bank by the National Exchange



Agencies

Write our Trust Department whenever the service of a reliable and efficient agent can save you risk, time and money in St. Louis, the south or the west.

Mississippi Valley Trust Co.

ST. LOUIS

Capital, Surplus and Profits over . . . \$8,000,000

Bank was effected on January 18. The capital of the National Exchange Bank will be increased from \$1,000,000 to \$1,500,000 and the surplus to \$850,000.

—Herbert H. Owens is a new vice-president of the Drovers and Mechanic's National Bank.



—George H. Keese, assistant cashier of the Richmond Federal Reserve Bank, has been appointed secretary to the board of directors of the bank.

—At the annual meeting of the Atlanta Clearing House Association, John K. Ottley, vice-president of the Fourth National Bank, was elected president of the association, to succeed Col. Robert J. Lowry, president for the past six years.

Resolutions of appreciation for the service rendered the clearing-house by Col. Lowry were adopted. He was one of the members when the organization was formed in 1891.

—During the year 1914 the Commercial National Bank of Shreveport, La., paid dividends at the rate of 17½ per cent., or a total of \$87,500.

—On December fifth officers and directors of the Bank of Clinch Valley, Tazewell, Va., and other guests partook of a dinner in commemoration of the bank's twenty-fifth anniversary.

Henry Preston, who has been cashier of the bank since its organization, received congratulatory resolutions from the board of directors, and also a suitably engraved silver loving-cup.

This bank in twenty-five years has never lost a dollar on any of its loans.

—John T. Scott, who began his work as a banker with the First National Bank, of Houston, Tex., January 1, 1893, starting as bookkeeper, was elected president of that institution on



JOHN T. SCOTT
PRESIDENT FIRST NATIONAL BANK,
HOUSTON, TEXAS

January 12 last. He was cashier of the bank for some time, and was elected vice-president about eight years ago.

Mr. Scott is a native of Mississippi, but has lived at Houston since the age of seventeen. Besides being president of the First National Bank, he is president of the Houston Clearing-House Association.



F. M. LAW
VICE-PRESIDENT FIRST NATIONAL BANK,
HOUSTON, TEXAS

F. M. Law has been elected vice-president of the First National Bank of Houston, succeeding Oscar Wells, who was made Governor of the Federal Reserve Bank at Dallas. Mr. Law began his banking work in 1897 as a bookkeeper in the First National Bank, Bryan, Tex., his native town, and was made assistant cashier in 1905. Three years later he became cashier of the Park Bank and Trust Company, Beaumont, Tex., which place he retained until 1910, when he was elected cashier of the First National Bank of Beau-

mont. From this position he went to the vice-presidency of the First National Bank of Houston.



WESTERN STATES

Chicago

—As indicated in last month's **MAGAZINE**, Arthur Reynolds, president of the Des Moines National Bank, was elected vice-president of the Continental and Commercial National Bank at the recent annual meeting.

Mr. Reynolds has been for many years prominently identified with the work of the American Bankers Association, and has occupied many important offices in that organization, including the presidency. His brother, George M. Reynolds, is president of the Continental and Commercial National Bank, and has also been officially



ARTHUR REYNOLDS
VICE-PRESIDENT CONTINENTAL AND COMMERCIAL
NATIONAL BANK, CHICAGO

Capital - \$2,500,000

**FIRST
NATIONAL
BANK**

Deposits, \$33,000,000

CLEVELAND OHIO

Surplus and Profits - \$1,900,000

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty



LEE A. KING
AUDITOR NATIONAL CITY BANK, CHICAGO

honored by the highest office within the gift of the American Bankers' Association.

The coming of Mr. Arthur Reynolds to the Continental and Commercial National Bank is in pursuance of a plan long entertained, but which has been postponed until Mr. Reynolds felt that he could relinquish the active charge of the Des Moines National Bank into other hands.

The Continental and Commercial Na-

tional Bank ranks among the greatest banks of the United States, and the Messrs. Reynolds are as well known and as well respected and liked as any bankers in the country.

—At the annual meeting of the National City Bank, January 12, the officers of the bank were re-elected. Lee A. King was elected auditor and R. B. Fuessle assistant cashier.

Mr. King advanced through the book-



R. B. FUESSLE
ASSISTANT CASHIER NATIONAL CITY BANK,
CHICAGO

keeping department to the position of chief clerk, and Mr. Fuessle worked up to his present office from the paying teller's department, and later the credit department, of which he was at the head when promoted to be assistant cashier.



AUGUST BLUM
RETIRING VICE-PRESIDENT FIRST NATIONAL
BANK, CHICAGO

—August Blum, long vice-president of the First National Bank, and who has been in banking more than forty years, retired from official banking duties on January 1. He was an authority on foreign exchange and credits, and had a sound knowledge of economic and banking principles. He expects to devote a considerable time to travel hereafter.

—When a man under two score is elected vice-president of an old-established financial institution of the foremost rank, one of two things is certain; he is either a heavy stockholder or one to whom circumstances and op-

portunity have served only to emphasize character and ability. In the latter class is John F. Hagey, elected vice-president of the First National Bank of Chicago at the meeting of the board of directors, January 12, 1915.

Mr. Hagey entered the employ of the bank in December, 1901, having graduated from the Chicago College of Law the preceding year, and continued in the legal department, becoming an officer of the bank, with the title of assistant attorney, in 1909. The following year brought the marked change in the career of Mr. Hagey, for it was then that he gave up the profession of the law for that of banking, being elected assistant cashier. In the First National's official organization the ac-



JOHN F. HAGEY
VICE-PRESIDENT FIRST NATIONAL BANK, CHICAGO

counts of banks and bankers are handled exclusively in one group, known as "Division F", and in this division Mr. Hagey assumed his new position under vice-president August Blum, whom he now succeeds.

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

G. A. COULTON, President

W. E. WARD, Vice-President

W. C. SAUNDERS, Cashier

E. E. CRESWELL, Asst. Cashier

F. W. COOK, Asst. Cashier

A. E. CHRISTIAN, Asst. Cashier

C. F. MEAD, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

John F. Hagey was born in Ottawa, Canada, October 11, 1876, but spent his school days in Iowa, graduating from high school in Davenport. He is a graduate of the University of Chicago, a member of the University Club and the Homewood Country Club. He is not as yet married, and is altogether a most approachable and likable sort of chap, unspoiled by success and the honors bestowed upon him. Analytical and keen, hating sham, he is generous and kind—a combination which has made a man who loses no dignity in being known to a host of friends as "Jack" Hagey.



St. Louis

—At the annual election of the Mercantile Trust Company, held December 21, all the officers were re-elected.

—The organization of the St. Louis Union Bank, with a capital and surplus of \$5,000,000 to transact the banking business of the St. Louis Union Trust Company, is announced. The bank will handle all deposits and the trust company will devote its efforts to the handling of estates and the other trust functions. All the directors and officers of the bank are respectively directors and officers of the trust company, though the latter has a few additional directors and officers. All the shares of the bank, except those necessary to qualify its directors, will be owned by the trust company.

The business of both institutions will be conducted in the present building of the trust company at the northwest corner of Fourth and Locust streets. The trust company has capital and surplus of \$10,000,000.

—Merger of the Guardian and American Trust Companies is reported, the title of the American being retained.

—F. K. Houston, heretofore assistant cashier of the Third National Bank, is now vice-president. W. W. Smith is



FRANK K. HOUSTON
VICE-PRESIDENT THIRD NATIONAL BANK,
ST. LOUIS



WALTER W. SMITH
VICE-PRESIDENT THIRD NATIONAL BANK,
ST. LOUIS

also a new vice-president. This bank has recently added a savings department to its other banking facilities.

—Frank O. Hicks is a new first vice-president of the Mechanics-American National Bank.

—Julius W. Reinholdt, vice-president of the Boatmen's Bank, has been elected acting cashier; C. R. Laws, assistant cashier, was elected vice-president.

—The Mississippi Valley Trust Company's official statement as of December 31, 1914, shows: Capital, surplus and profits of \$8,376,343.26; deposits amounting to \$16,577,494.63, and total assets, \$24,978,688.47.

This is a substantial gain in deposits over the same date in 1913, and undivided profits have also increased despite the payment of \$480,000.00 in dividends during the year.

This company's increase of business has been due to its own growth, as it has never absorbed any other institution nor made any consolidation whatever.

—Some very serviceable publications have recently been issued by the Mercantile Trust Company of this city. One is entitled, "The Federal Reserve Bank, With Special Reference to District No. 8." Besides giving a lot of valuable information about the Federal Reserve System itself, it contains valuable tabulations of the various towns and counties in the district, banking statistics, products, etc., together with a map of the district in colors.

The other publication is a record of "First Mortgage Real Estate Notes. It gives the maturities and interest payments coming due between January 1 and December 31, 1915, and gives the status of a large number of first mortgage real estate loans made by the Mercantile Trust Company.



Minneapolis

—W. E. Briggs, treasurer and manager of the St. Paul Cattle Loan Com-



W. E. BRIGGS
VICE-PRESIDENT NORTHWESTERN NATIONAL
BANK, MINNEAPOLIS

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$950,000

pany, and vice-president of the Stock Yards National Bank of South St. Paul, resigned these positions at the close of December to become vice-president of the Northwestern National Bank of Minneapolis.

Mr. Briggs will head a department in the bank that will handle the bank's



ALEXANDER V. OSTROM
VICE-PRESIDENT NORTHWESTERN NATIONAL
BANK, MINNEAPOLIS

growing cattle paper business and will direct educational work in behalf of diversified farming and increased production of live stock.

Alexander V. Ostrom, cashier of the Northwestern National Bank, has been promoted to the vice-presidency, and



ROBERT E. MACGREGOR
CASHIER NORTHWESTERN NATIONAL BANK,
MINNEAPOLIS

Robert E. MacGregor, assistant cashier, elected cashier to succeed Mr. Ostrom.

—Francis A. Gross, president of the German-American Bank, is the new president of the Minneapolis Clearing-House Association. F. M. Prince, president of the First National Bank, was elected vice-president of the clearing-house.

—George F. Orde, vice-president of the Scandinavian-American National Bank, has been chosen president of the Twin City Bankers' Club.

—J. R. Byers was recently elected cashier of the Minnesota Loan and Trust Company, succeeding Seymour S. Cook, who resigned to accept the cashiership of the Federal Reserve Bank of this city.

—The First National Bank of Minneapolis celebrated its fiftieth anniversary on December 12. In this long history the bank has grown to be one of the very large and successful banks of the country, its deposits now exceeding \$27,000,000. Early the coming spring the bank will occupy its splendid new home—one of the notable bank and office buildings of the Northwest.



Cleveland

—L. A. Murfey, heretofore cashier of the National Commercial Bank, was promoted to the vice-presidency at the annual meeting last month. S. C. Payne, formerly assistant cashier, succeeds Mr. Murfey as cashier, and H. C. Hutchinson and E. T. Shannon were made assistant cashiers.

—Carl R. Lee, chief paying teller of the Bank of Commerce National Association, was elected an assistant cashier at the recent annual meeting of this bank.

—An increase of the capital of the Union National Bank of Cleveland from \$1,600,000 to \$2,000,000 was recently authorized. The bank is putting up a new building on its present site.

—The Guardian Savings and Trust Company of Cleveland recently reached its twenty-fifth anniversary. It has a million of deposits for every year of its

existence—a pretty solid witness of success.



—Clay H. Hollister, for twenty-six years associated with the Old National Bank, Grand Rapids, Mich., and who has been successively assistant cashier,



CLAY H. HOLLISTER
PRESIDENT OLD NATIONAL BANK, GRAND
RAPIDS, MICHIGAN

cashier, and vice-president, was recently elected president in recognition of his long and efficient service.

Mr. Hollister has been for several years chairman of the American Bankers' Association Bills of Lading Committee and has worked diligently and effectively in forwarding the Committee's plans.

—On December 10 George H. Russel celebrated the twenty-fifth anniversary of his presidency of the People's State



The American National Bank

SAN DIEGO, CAL.

Capital \$200,000.00
 Surplus and Undivided Profits 185,000.00
 Total Resources 2,300,000.00

J. W. SEFTON, Jr., President
 C. L. WILLIAMS, 1st Vice-Pres. L. J. RICE, Cashier
 I. ISAAC IRWIN, 2nd V.-Pres. T. C. HAMMOND, Asst. Cash.

Q A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

Bank of Detroit. This institution represents a combination of the State Savings Bank and the People's Savings Bank, made in 1907. The assets are now above \$16,000,000.



GEORGE H. RUSSEL
 PRESIDENT PEOPLE'S STATE BANK OF DETROIT.

Mr. Russel is widely known to the bankers of the country from his long and prominent connection with the American Bankers Association, of which he is an ex-president.

—From the annual report of the

Iowa Banking Department comes the subjoined information regarding banking in that State.

Deposits in state and savings banks have increased \$182,658,055.61 in the last ten years, according to the biennial report of the state banking department which is now being printed. The gain in deposits in the ten year period previous to 1904 was less than half that amount, or about \$90,000,000.

During the last year there were eight private banks which failed. Fourteen private banks incorporated and came under the Iowa laws. Four other private banks incorporated and came under state authority in January, owing to the fact that there is strong sentiment toward the adoption of a law by the Thirty-sixth general assembly which will force private banks to submit to State inspection.

Fifty-six new State banks were organized last year, fourteen of these having formerly been private banks.

Eight private banks failed last year. Since 1907 there has been but one failure of a State bank in Iowa, and that was a small concern and the depositors received every dollar deposited.

The report shows the big gain in deposits in State and savings banks since the department was established. The deposits on June 30, 1891, in these banks amounted to \$33,781,706.67; June 30, 1894, the deposits had increased to \$41,987,838.05; in 1899 to \$77,405,669.16; in 1904 to \$131,471,439.41; in 1909 to \$225,155,164.61, and on June

30, 1914, the deposits were \$314,129,-495.02.

There are 791 savings, 304 State banks and 19 trust companies in Iowa. The deposits as given do not represent the total deposits in the State, as the State department has no record of the national banks or the deposits in those institutions.

—It is stated that the Cedar Rapids (Iowa) National Bank will increase its capital to \$500,000 and surplus to \$250,000, following the absorption of the Commercial National Bank and Commercial Trust and Savings Bank.

—The "first national bank in the United States" is a distinction which belongs to the First National Bank of Davenport, Iowa, which was the first bank to get into actual operation under the national banking system.

This institution now has total resources of \$3,234,016; its capital is \$200,000; surplus, \$200,000, and deposits, \$2,480,654. A. F. Dawson is president; Joe R. Lane, vice-president; Lew J. Yaggy, cashier, and W. J. Housman and C. F. Schmidt, assistant cashiers.

—Minnesota bankers will hold their next annual convention at St. Paul, June 29 and 30.

—James K. Ilsley having resigned the presidency of the Marshall & Ilsley Bank of Milwaukee, John Campbell, vice-president, was elected as his successor. Mr. Campbell has been with the bank for forty years. Mr. Ilsley's resignation was because of declining health. He remains on the board of directors.

—The First National Bank of Rochester, Minn., commemorates its fiftieth anniversary by the issue of a handsome booklet giving an illustrated history of the organization and progress of the bank. Business was commenced December 1, 1864, and on December 1, 1914, the bank reported \$100,000 capital; \$112,364.75 surplus and undivided

profits; \$39,400 circulation; \$1,263,-302.01 deposits, and \$1,515,066.76 total resources.

—Indianapolis has a new national bank—the Commercial National Bank—which, on December 28, succeeded the Indiana State Bank under a charter granted by the United States Treasury Department. The new Commercial National has a capital of \$300,000 and resources in excess of \$800,000, and



BRANDT C. DOWNEY
PRESIDENT COMMERCIAL NATIONAL BANK,
INDIANAPOLIS, IND.

makes the sixth national bank in Indianapolis.

The officers of the Commercial National Bank are: Brandt C. Downey, president; Francis I. Galbraith, vice-president; H. H. Woodsmall, vice-president; W. J. Fickinger, cashier, and Henry M. Cochrane, assistant cashier.

Mr. Downey is well known in business, civic and financial circles in In-

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

OFFICERS
WILLIAM PRICE, President
W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,523,256.29

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

dianapolis. His banking experience be-
gan in 1901, when he entered the Amer-
ican National Bank as individual book-
keeper. He left this bank eight years



W. J. FICKINGER
CASHIER COMMERCIAL NATIONAL BANK,
INDIANAPOLIS, IND.

later as assistant cashier, and became
cashier of the Continental National
Bank. He resigned from this position
in 1912 in order to become general man-

ager of the Greater Indianapolis In-
dustrial Association, where he remained
until July 27, 1914, when he was elected
president of the Indiana State Bank.

Mr. Fickinger, cashier of the new
Commercial National, has been con-
nected with the bank since its organ-
ization. Before that time he was for
seventeen years associated with the In-
diana National Bank. Mr. Cochrane,
assistant cashier, is also well known
in Indianapolis. He was formerly con-
nected with the Indiana National Bank.

The members of the board of direc-
tors are: Brandt C. Downey, presi-
dent; Walton L. Dynes, secretary and
general manager of the Independent
Envelope Company, and formerly su-
perintendent of mails in the Indianapo-
lis post office; Francis I. Galbraith, of
Galbraith and Son, hardwood lumber,
Sunman, Ind., and a member of the
live-stock firm of Ray & Galbraith;
Frank E. Gavin, of Gavin & Gavin, at-
torneys; Herbert M. Glossbrenner, of
the Glossbrenner-Dodge Company; Or-
lando D. Haskett, president of the O.
D. Haskett Lumber Company and pres-
ident of the Indianapolis Chamber of
Commerce; Charles E. Henderson, of
Marshall & Henderson, attorneys; H.
H. Woodsmall, president of H. H.
Woodsmall & Company, insurance, and
Fred I. Willis, secretary and treasurer
of the Hearsey-Willis Company and
vice-president of the Indianapolis
Chamber of Commerce.

The Commercial National Bank will
occupy the rooms on the ground floor
of the American Central Life Building,

corner East Market Street and Monument Place.

—J. R. Emley, heretofore vice-president of the First National Bank, Huntington, Ind., and for twenty-six years identified with banking there, was recently elected president of the bank, succeeding Charles McGrew, who remains a director.

F. E. Wickenhiser was elected vice-president, and O. F. Sales, cashier.

—An increase in the capital of the New England National Bank of Kansas City is reported, the increase being from \$500,000 to \$1,000,000, and being provided for by an extra dividend out of surplus.

—Harry T. Hall, treasurer of the Ohio Bankers' Association, vice-president of the Dollar Savings Bank of East Liverpool, and treasurer of Columbiana County, has been appointed Bank Superintendent for the State of Ohio.

—Work is progressing on the new building for the First National Bank of Richmond, Ind.

—This year's convention of the Investment Bankers' Association of America will be held at Denver, Colo., at a date to be fixed, but probably some time in September.

—Melvin Cornish of McAlester, P. C. Dings of Ardmore and John J. Gerlach of Woodward, all recommended by the State Bankers' Association, will compose the new State Banking Board of Oklahoma, recently appointed by the Governor of that State.

All the members of the new board are active bankers. Mr. Cornish is president of the McAlester Trust Company of McAlester and, although a comparatively young man, is well known in banking circles. Mr. Dings is president of the Guaranty State Bank at Ardmore, and is almost universally known in Oklahoma. The third member of the board, Mr. Gerlach, is presi-

dent of the Bank of Woodward and has been a member of the State Banking Board for the last two years. He is the only hold-over member.

—The First National Bank of Glasgow, Montana, one of the oldest and most prosperous banks in northern Montana, now occupies its new home, which was recently completed at a cost of about \$75,000.

—On January 4 the Montana Trust and Savings Bank, Helena, opened in its new home. This institution has been in existence less than a year, but already has capital and surplus of \$180,000.

A systematic savings plan has been inaugurated by which the bank issues fifty payment plan savings certificates in amounts of \$50 and \$100, and sells them on the plan of \$1 and \$2 a week for fifty weeks, the bank making the first payment.

—The Fletcher Savings and Trust Co., Indianapolis, Ind., moved into its new building January 25. It is described by the Indianapolis "Star" as "a banking home of which the entire State will be proud."



PACIFIC STATES

—On January 1 shareholders of the Bank of Douglas, Arizona, in addition to the usual substantial dividend, received a special dividend of 100 per cent. and were also given the opportunity of subscribing, at par, for an addition of \$50,000 to the bank's capital, making the new capital \$100,000. This special dividend was declared from the profits without disturbing the surplus of \$50,000.

The history of this institution is one of continuous prosperity. The bank was organized in 1902 and began business in that year under the management of C. O. Ellis as cashier. The first board of directors consisted of W. H.

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They are fully appreciated by the discriminating banker desiring high grade, serviceable paper for correspondence and typewriter purposes

SOLE AGENTS

F. W. ANDERSON & COMPANY

34 Beekman Street, New York

Brophy, M. J. Cunningham, J. S. Douglas, C. O. Ellis and S. F. Meguire. During the twelve years that have intervened these same five directors continue in office. There have been two additions to the board, E. R. Pirtle, who became a director in 1903, and Dr. F. T. Wright, who was elected in 1911. The capital of the bank, originally \$25,000, was increased to \$35,000 in 1903, and to \$50,000 in 1906.

Under the laws of Arizona, unless otherwise provided in the articles of incorporation, stockholders of a State bank are not personally liable for corporate debts. Notwithstanding this, the Bank of Douglas several years ago voluntarily amended its articles of incorporation, making their stockholders personally liable for 100 per cent. more than the paid-in capital. This has the effect of placing an additional \$100,000 of liability behind the bank's resources, making their capital liability as follows: paid in capital, \$100,000; surplus fund, \$50,000; shareholders' liability, \$100,000; total, \$250,000. The deposits and resources of the bank have steadily increased each year, the statement of October 31, 1914, showing resources of \$1,335,740.63.

—Members of the Washington-Idaho Farmers' Union are organizing the Farmers' Bank and Trust Co. at Spokane with \$100,000 capital. While the institution will conduct a general banking and trust company business, its principal aim will be to furnish credit facilities to the farming community.

John G. Lawrence, an experienced banker and business man, will be president of the new bank, which is expected to begin business about April 1.

—Consolidation of the Exchange National Bank and the National Bank of Commerce, Spokane, Washington, was ratified at the annual stockholders meeting. The title of the Exchange National Bank is retained, and Edwin T. Coman, president of that institution, was chosen president of the united banks.

—George R. Martin, formerly note teller and in charge of the securities of the Seattle National Bank, has embarked in the bond business, having organized the new investment firm of Martin-Severyns Co., with offices in the 42 story L. C. Smith Building at Seattle, handling bonds and mortgages exclusively.

Mr. Martin was educated at the University of Chicago. He began his financial career with the Merchants Loan and Trust Co. of Chicago, and was later connected with the Live Stock Exchange National Bank. He has been prominently identified with the American Institute of Banking both in Chicago and Seattle, and before going to Seattle was treasurer of the Chicago Chapter and a delegate from that chapter to the Atlantic City Convention of the institute.

W. B. Severyns is a graduate of the University of Washington and is a prominent young attorney of Seattle.

A History of Banking in the United States

By **JOHN JAY KNOX**

(For seventeen years Deputy Comptroller and Comptroller of the Currency.)

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CONTENTS

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The company, besides dealing in bonds and mortgages, is prepared to act as fiscal agents for municipalities and corporations, as trustee under mortgages for corporations, and as transfer agent and registrar of stocks and bonds.

—H. N. Tinker, heretofore active vice-president of the Puget Sound State Bank, Tacoma, Washington, was recently elected president of that bank. His work as active vice-president and manager showed that the year 1914 was the most successful in the twenty-five years' history of the bank, net profits for 1914 being double those of the preceding year. Deposits also largely increased.

—As shown by the annual report of the Mercantile National Bank of San Francisco that institution paid quarterly dividends regularly during the past year and to the total of \$200,000. The bank's capital and surplus amount to \$3,000,000, and the Mercantile Trust Co. (owned by the stockholders of the bank) has \$1,000,000 capital.

The officers were all re-elected at the annual meeting.

—C. M. Jay is a new assistant trust officer of the Security Trust and Savings Bank, Los Angeles.

—California bankers will hold their annual convention this year at San Francisco, May 27, 28 and 29.

—A pension system for employees will be established by the Savings Union Bank and Trust Co., San Francisco.

—E. G. McWilliam, for the past three years secretary of the Savings Bank Section of the American Bankers' Association, has resigned his secretaryship

to accept the position of manager of the publicity department of the Security Trust and Savings Bank of Los Angeles, Cal.

Under the able management of Mr. Sartori, who was president of the Savings Bank Section of the American Bankers' Association, 1913-1914, this



E. B. McWILLIAM

PUBLICITY MANAGER SECURITY TRUST AND SAVINGS BANK, LOS ANGELES, CAL.

bank has been built up until it now enjoys the distinction of being the largest bank of its kind in the southwest. On July 1, its deposits were over \$42,000,000 and its total resources nearly \$46,000,000. It is one of the finest examples of the departmental bank in the United States.

Mr. McWilliam is a savings bank man of long experience in New York city, a graduate of the American Institute of Banking and at present chairman of the committee on public affairs of that organization. He was president of New York Chapter in 1912.

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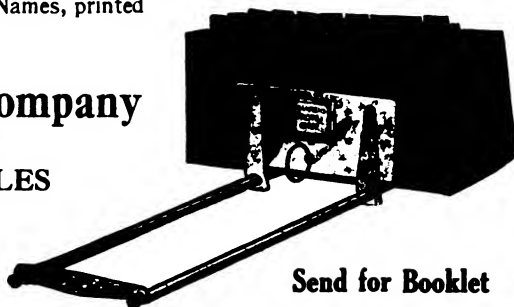
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—At a cost of about \$50,000 the Sacramento (Cal.) Bank has completed and now occupies a most substantial and handsome branch bank at Sacramento and Madrone avenues, Oak Park.

The Sacramento bank was incorporated March 19, 1867, and was the first interior savings bank organized in California.



CANADIAN NOTES

—The forty-eighth annual meeting of the shareholders of the Canadian Bank of Commerce was held at the banking-house, Toronto, January 12. Net profits for the year ending November 30 were \$2,668,233, added to \$384,529 brought forward from last year. This was applied as shown:

Dividends, \$1,500,000; bonuses, \$300,000; annual contribution to pen-

sion fund, \$80,000; patriotic fund, \$50,000; Canadian Red Cross, \$5,000; carried forward, \$1,117,763.

As usual, the assets of the bank were carefully revalued, and ample provision made for bad and doubtful debts.

An interesting review of financial and commercial affairs was included in the annual address of the president of the bank, Sir Edmund Walker. Regarding one phase of the present situation, he said:

"As soon as Great Britain begins to buy any new securities other than war issues, she will buy ours, and meantime we must hope that the market for our bonds in the United States will continue to grow. We cannot too often draw the attention of that country to the fact that when our foreign trade is analyzed the net debit for the difference between our sales and our purchases is payable to them and not to Europe. If the war prevents London from buying our securities, either the United States must buy them or our great trade with that

country must fall away, and the cry of 'Made in Canada' would then have even a wider significance than it has to-day. During the year ending March, 1914, again omitting the figures for coin and bullion, we made purchases from the United States to the value of \$409,818,000 and we sold them goods to the value of \$178,282,000, so that with a net excess of imports from all countries of \$179,945,000, the excess in the case of the United States was actually \$231,536,000. Part of this is, of course, offset by the actual cash brought into Canada by settlers from the United States, part by investments made here by Americans, and part by the purchase of our securities, but it has mainly been settled in the past out of the proceeds of our sales of securities in London and on the Continent."

—The forty-fifth annual statement of the Royal Bank of Canada shows the following profit and loss account:

Balance of profit and loss account, 29th November, 1913..	\$1,015,119.58
Profits for the year, after deducting charges of management and all other expenses, accrued interest on deposits, full provision for all bad and doubtful debts and rebate of interest on unmatured bills..	1,886,142.67
	<hr/>
	\$2,901,262.25
Appropriated as follows:	
Dividends Nos. 106, 107, 108 and 109, at 12 per cent. per annum	\$1,387,200.00
Transferred to officers' pension fund	100,000.00
Written off bank premises account	250,000.00
Contribution to patriotic funds.	50,000.00
Depreciation in investments....	500,000.00
Balance of profit and loss carried forward	614,062.25
	<hr/>
	\$2,901,262.25

Deposits on November 30 last were \$136,051,208.23, and total resources, \$179,404,054.36. The capital paid in is \$11,560,000, and the reserve fund, \$13,174,062.25.

—Last year the Bank of Ottawa earned \$620,691.51 net, which added to

the \$202,759.45 balance at credit of profit and loss for the preceding year, made \$823,450.28, which was applied as follows: dividends, \$480,000; patriotic fund, \$25,000; reduction of bank premises and furniture, \$75,151.50; officers' pension fund, \$15,000; carried forward, \$228,299.36.

—E. C. Green is manager of the branch of the Standard Bank opened recently in Montreal.

—The Bank of British North America has opened a branch at Prince George, B. C., under the management of J. Munro.

—The eighty-third annual report of the Bank of Nova Scotia covering its operations for the year ending December 31, 1914, which appears in our advertising columns, shows that this old-established institution maintains the steady progress and high ideals with which its name has always been associated. The total assets now amount to \$95,733,670, an increase for the year of \$15,581,841. Most of this increase is due to the absorption of the Metropolitan Bank, whose business was taken over on November 15 last, but although the period covered by the report was one of general trade depression during which the deposits of the public with all Canadian banks decreased some \$3,000,000, those made with the Bank of Nova Scotia, excluding the Metropolitan Bank entirely increased \$4,675,000.

The profits of the bank for the year amounted to \$1,196,116, which added to \$41,124.27 brought forward from 1913, gave \$1,237,241.17 available for distribution. Of this sum \$848,750 was taken to pay the usual dividend of 14 per cent., \$32,433.33 was contributed to the patriotic funds of Canada, Newfoundland and Jamaica, and \$5,000 to the fund raised for the sufferers by last spring's sealing disaster in Newfoundland, a country in which the bank's operations have now assumed quite large proportions; \$50,000 was contributed to the officers' pension fund, \$100,000

transferred to reserve, the balance of \$201,057.84 being carried forward to next year at credit of profit and loss account.

The profits shown are somewhat less than those for 1913, due in part to the general slackening in trade, but also in a large measure to the policy, always heretofore adhered to and recently extended, of carrying heavy cash reserves and so assuring strength to the bank and safety to its depositors in any contingency by which it might be confronted,—a policy which, inasmuch as it involves the carrying of unproductive funds to a large amount, means a reduction in profit-earning power while ensuring the strength and safety referred to. The report shows these reserves of actual cash in hand and bank balances to be 30.96 per cent. of the liabilities to the public, while the total liquid and practically immediately avail-

able resources amount to over 60 per cent. of these liabilities—a position which affords unusual security to depositors. That the bank's settled policy of sacrificing possible profits to absolute security for its clients is being recognized and appreciated is evidenced by the material increase in its deposits to which reference is above made.

To shareholders the results of the bank's operations during the year were satisfactory. The paid-up capital now stands at \$6,500,000, the reserve fund at \$12,000,000, while undivided profits carried forward amount to \$201,057.84. These together make up a total sum of \$18,701,057.84 as representing the interest of the shareholders in this old and well-managed institution. That the figures given are in accordance with the facts is certified to by the well-known firm of Marwick, Mitchell, Peat & Co., chartered accountants, but it is worthy

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of note that years before it was made a Government regulation, this bank voluntarily submitted its books and records to independent audit of the sort now instituted.

—George Burn, general manager of the Bank of Ottawa, succeeds the late Col. D. R. Wilkie as president of the Canadian Bankers' Association.

—Net profits of the Union Bank of Canada, as shown at the annual meeting in Winnipeg, January 8, were

\$712,000. Net circulation is higher than it was a year ago and now stands at \$6,382,000, while deposits amount to over \$63,300,000.

The bank is particularly strong in gold, Dominion notes and other quickly available assets, which amount altogether to nearly \$26,500,000. Current loans were \$4,000,000 more than for the previous year and now amount to over \$50,800,000.

The Union Bank now shows total assets of over \$81,500,000, a gain of nearly \$1,000,000 over the figures for the close of business in 1913.



Fire Losses in 1914

LOSSES by fire in the United States and Canada during the twelve months ended December 31, 1914, as compiled from the carefully kept records of the New York "Journal of Commerce and Commercial Bulletin," aggregate the enormous sum of \$235,591,350, or nearly eleven million dollars more than the sum charged against the preceding year. This is the heaviest loss to property by fire during the history of the country, with three exceptions, namely, 1908, the year of the Chelsea, Mass., and three other conflagrations; 1906, the year of the San Francisco conflagration, and 1904, the year of the Baltimore conflagration. The fire losses of 1914 were augmented by the Salem, Mass., conflagration, costing thirteen million dollars, but averaged moderate until the last two months of the year, when the general burning ratio increased phenomenally.

The fire waste of the country, says the publication already quoted, is attracting more attention politically than ever before and during 1914 several State governments have showed a disposition to recognize the principle that the enormous destruction of property annually by fire is an economic waste of the country's resources, with the result that there has developed a decided

sentiment in favor of establishing legislation which will tend toward greater conservation. The State legislators are abandoning their former attitude of assuming that as long as the property was insured there was no loss, and as a result in many States laws have been adopted establishing fire marshals with power to investigate causes of fires and to suggest and enforce regulations which will result in the prevention of fires. Investigations by various State commissions have revealed to the public that a very large percentage of the country's fires are due to preventable causes, probably from seventy to eighty per cent. This information has resulted in a general sentiment in favor of fire preventive measures. The movement along that line, however, is too young, as far as the legislative field is concerned, to have established any appreciable effect upon the fire waste of the country as a whole.

The magnitude of the fire waste as a drain on the country's resources may be somewhat appreciated when it is considered that during the past thirty-eight years the property destroyed by fire in the United States and Canada has reached the total value of \$5,866,981,025, equal to an average annual loss of \$154,394,237.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-NINTH YEAR

MARCH 1915

VOLUME XC, NO. 3

Journeying Westward

DURING the remaining months of the year the attention of Americans and of many people from other lands will be turned toward the Pacific Coast Section of our country. Always a delightfully interesting region to visit, it will be especially so from now until the close of 1915.

The chief attraction of course will be the Panama-Pacific Exposition at San Francisco, which is international in character and sure to prove of great interest.

The site chosen for the Exposition possesses rare advantages, looking out upon the Bay and the beautiful Golden Gate. Illustrations of the great buildings that will house the exhibits indicate that in grouping, architectural adornment and in the color scheme adopted, they will probably surpass anything yet attempted. As for the exhibits themselves, they promise to be surprisingly extensive and varied, epitomizing the world's recent progress and achievements in many lines of human endeavor.

In these days, when the minds of men are so much occupied with the record of destruction, it should prove restful and refreshing to turn aside from this disheartening scene to the contemplation of the fruitful arts of peace. It is impressive and instructive that so many nations of the world have accepted the invitation of the United States Government to make a display of their products at San Francisco. What they have to show will be well worth a journey across the continent to see. The exhibits from our own States will of themselves tell a wonderful story of the advance made by the people of this country.

Too much credence need not be given to reports that the war will seriously interfere with the Exposition's success. In the first place, some of the nations involved in the conflict had substantially completed their arrangements for adequate representation at San Francisco before hostilities began, and have not changed their plans; one or two of the belligerents had not intended to exhibit anyway, and some of them have gone ahead just as though nothing had happened, indicating to the world that they can carry on a war and participate generously in an international exposition at the same time. Then it must not be forgotten that there are still a good many countries not yet involved in war.

It is probable that the war will increase attendance at the Exposition from some quarters. The people of this country and of Mexico, Central and South America, will not go to Europe this year to anything like the same extent as they have done in former years, and the sight-seeing crowds will no doubt turn toward San Francisco. The foreign visitors from Europe and the Orient will not be so great as would have been the case had peace prevailed. But the attendance from these sources probably would not have been very great in any event.

The attractions of the Pacific Coast and the exhibits at the San Francisco Exposition should serve to draw a very large number of visitors.

Of all the many interesting sights the visitor will witness, we venture to express the belief that nothing more marvellous will be seen than the spectacle of the newly-risen City of San Francisco itself. From the prostrate desolation of 1906 a magical resurrection has taken place. From the ashen grave of less than a decade ago, a new and splendid city has been reborn—a witness of the survival of the spirit of daring and courage which animated the pioneers of 1849.

The visitor to the Pacific Coast will find there nothing of the Far West that once constituted a picturesque feature of our national life. What there is left of it—which is not much—lies in Wyoming and Montana, with just a little fringe in a few other States. The Pacific Coast in many respects is like the Atlantic seaboard, though possessing its own distinctive traits.

He who journeys to the Coast for the first time finds his admiration divided by many interesting and wonderful cities and scenes.

The splendid development of Seattle and Tacoma, the majesty of Rainier (or Mount Tacoma, which you will,) yield to the grandeur of Mount Hood, as the latter does to Shasta, while you are captivated by the solidity and beauty of Portland, until you reach San Francisco—the truly metropolitan city of the Pacific Coast—which seems to eclipse all you have seen, until you go to Los Angeles, Pasadena, Santa Barbara, Redlands, San Diego, and all the wonderful region of Southern California—and you end by being in doubt again.

Truly, all these are wonderful things to see, with the Yellowstone National Park, the Grand Canon and many other great natural scenic marvels thrown in for good measure. And the going, by rail or water, is so pleasant that one scarcely feels inconvenience or discomfort but rather enjoys the luxury.

To the banker the Pacific Coast appeals this year with compelling power. Besides the attractions thus faintly sketched above, there will be the American Institute of Banking convention at San Francisco in the summer and the convention of the American Bankers Association at Seattle in the fall. And to every banker who visits this beautiful and prosperous section of our country there will be given by the people of the Pacific Coast a spontaneous and generous welcome.

NATIONAL BANKS AND TRUST COMPANY POWERS

FROM Michigan there comes a protest against conferring trust company powers on national banks as authorized in the Federal Reserve Act, when not in contravention of local laws. This protest is made by Michigan trust companies, which justly complain that as they are not endowed with banking powers it would give the national banks an undue advantage if they were permitted to exercise the functions of a trust company.

Some of the States have already prohibited the exercise of the duties of registrar, trustee, executor and administrator by any other corporation except trust companies duly organized under State laws. Where this prohibition exists, manifestly the Federal Reserve

Board can not endow the national banks with trust company powers.

There does not seem as yet to have been much demand from the national banks for an extension of trust company powers to them under the terms of the Federal Reserve Act. Should the national banks quite generally avail themselves of this privilege and that of adding savings departments it would give them in many cases such an advantage over the State banks as to force the latter into the national system. If, however, the national banks remain indifferent to what seem valuable privileges, it may tend greatly to circumscribe the usefulness of the Federal Reserve System.

COST OF THE WAR TO EUROPE

FIGURING out the cost of the war in Europe, the London "Statist" finds that the comparison of supply services for the United Kingdom alone from the beginning of the war up to the end of 1914 showed an excess over 1913 of £178,000,000. The extra cost of the war for the first six months for Germany, Austria-Hungary, Russia, France and the United Kingdom is placed at £1,715,000,000.

But if to the direct cost of war there be added the value of lost production and the value of lost lives, the total would go up, perhaps, to the stupendous sum of \$23,800,000,000, or about ninety-six per cent. of the semi-annual national income of the principal belligerents. Probably to this should be added the very large destruction of fixed capital.

These expenditures are for the first six months, and they are liable to be augmented during the second half of the year should the contest continue, as it now bids fair to do.

The estimates given, while very large, do not include all the European nations involved nor Japan. Besides, the loss to the neutral nations in various ways has been heavy.

In much of the discussion of the probabilities of future wars prior to the recent outbreak it was assumed that the cost was so tremendous as to preclude armed conflicts, but recent experiences

have negatived that assumption. When the present war ends and the costs are reckoned up, fresh light may be thrown on this subject. If the results of the war are far-reaching and liable to be of considerable permanence, this may tend to make the price paid seem less exorbitant. Should the conflict end indecisively, the great expenditure of blood and treasure will have been in vain. Perhaps, in any event, the outcome will make mankind ponder and seek for a less expensive and more humane way of settling international differences.

PROHIBITING OVERDRAFTS.

A LETTER was recently issued by the Comptroller of the Currency requesting directors of national banks to adopt a resolution directing that officers or employees of such banks should not pay or charge to the account of depositors any check when there are not sufficient funds on hand to meet the same.

While the discountenancing of overdrafts may be well enough, it seems that it would be going altogether too far for a bank to refuse payment of a check merely because the depositor had overdrawn his account to a trifling extent. Such overdrafts not infrequently result from mere errors in addition and subtraction, and there are cases where a depositor may overdraw his account quite innocently through having had credited to him checks which he has deposited but which are, for no fault of his own, later returned. These, and many other circumstances familiar to bankers, would make a strict compliance with the Comptroller's request a source of great injustice and hardship, and would probably endanger business transactions far more than is justified by any real or apparent evils arising through overdrafts.

The American banker generally has a horror of two items appearing in his published statements—"rediscounts and bills payable" and "overdrafts." It is one purpose of the Federal Reserve Act to remove this horror so far as it relates to rediscounts. In England, if we are correctly advised, the overdraft is not regarded with much concern. If a depositor has established his standing and

credit when opening an account, why should the bank trouble about a slight overdraft?

The "good" depositor will, of course, always maintain a fair balance, and it would no doubt be better if every depositor made some arrangement whereby a temporary loan would automatically spring into existence to care for any drawings above the usual provision. But our bankers probably exaggerate the importance of the overdrawn account. Certainly the overdraft evil has not attained to such proportions as would warrant the banks to refuse payment of checks where the balance was insufficient as proposed by the Comptroller of the Currency.

CONSERVING BRITISH CAPITAL.

A NNOUNCEMENT was recently made in London that future issues of securities there would be made subject to Government approval.

The capital fund of a country in time of war assumes a tremendous importance from a military standpoint. Not only does the Government immediately concerned need to watch the money market narrowly to see that there is no lack of funds to take up public loans promptly; but, as in the present case, when one country must assist in meeting the financial requirements of its allies, there is additional need of precaution in conserving investment funds. This does not mean, necessarily, that other foreign loans will be stopped entirely in London or that the prime demands for industrial capital at home and abroad will not be met; but it does mean, at least, that under the pressure of circumstances the direct and indirect military necessities will have the first call on investment funds.

Under modern military conditions success is less dependent than formerly on the mere personal courage of the troops. The huge outlays for munitions of war and for transportation require great sums of money, and therefore capital plays a large part in deciding the results of campaigns.

The action of the British Government in scrutinizing loans will serve to call attention to the fact that, for the time being at least, a

considerable part of the capital heretofore going into the peaceful prosecution of industry and trade must be diverted to the purposes of war.

HOLDING NATIONAL BANKS RESPONSIBLE FOR UNDERWRITING LOSSES

ONE of the latest performances of the present Comptroller of the Currency is the promulgation of a decree holding directors of National banks responsible for losses incurred in underwriting operations. The mandate, ordering such losses to be made good, was originally directed against a few New York banks.

The doctrine of holding bank directors responsible for losses is not a novel one. It has been applied by the courts in cases where the loss was due to a direct misapplication of funds or to gross negligence.

But the application of the principle in this particular instance is somewhat new. If it should be established that a National bank has no power to engage in underwritings, perhaps the Comptroller is correct in demanding that the banks be reimbursed for such losses.

If the rule works both ways, the profits derived from such operations do not properly belong to the banks either. These are doubtless much greater than the losses. And if the directors are called on to make good any losses on the account mentioned, all they will have to do is to ask the banks to fork over the profits they have made, and out of the sum so received the directors can foot the losses and pocket the remainder. They will thus be indebted to the Comptroller's ruling for a windfall on which they had not counted.

No doubt, it would be better, for several reasons, if the commercial banks were kept entirely free from participating in underwriting syndicates. Even where no losses are sustained, the bonds or stocks are liable to remain for some time on the underwriters' hands, thus tying up a considerable amount of banking funds at a time when they might be needed for the more usual banking functions.

When the commercial banks are driven out of the underwriting

business, where shall the great railway systems and industries look for capital? They can no longer appeal to the big private banking firms for these were largely dependent upon the banks. The trust companies have done more or less of this work already; but they, too, have been criticized for it. If there are more than ordinary risks attached to the transaction, perhaps the trust company has less right than the bank to engage in it.

May we not before long be driven to the necessity of organizing special investment banks of large capital for the sole purpose of handling the country's stock and bond issues?

If that should be the outcome of the Comptroller's somewhat fantastic proceeding, it may turn out to be less ridiculous than it now appears.

GETTING RID OF UNPROFITABLE ACCOUNTS.

BANKS in a certain locality, according to report, are to charge fifty cents a month to all depositors who do not maintain an average monthly balance of \$100. From another source comes a proposal that the banks take concerted action to rid themselves altogether of depositors whose accounts do not show a profit.

The objection to the small account, of course, comes from commercial banks affording checking facilities, and not from savings banks where payments are made only on presentation of pass-books.

If savings banks were to be found in every community, perhaps little objection could be brought against the proposals referred to above; but there are many communities where there are no such banks and where the existing commercial banks do not conduct savings departments. The latter may be set up as a part of the business of national banks under the Federal Reserve Act, but only a limited number of national banks have as yet availed themselves of this privilege. Besides, a great many small towns have no national banks.

The banks of the United States have never been indifferent to people in humble circumstances. They have done a great deal to encourage thrift and to aid the small farmer or merchant to become successful and prosperous in his business. Furthermore, the banks

perform an immense amount of service to the community without any charge whatsoever.

It is therefore clear that irritation over small accounts does not arise either from an intense desire to make profit or from an indifference to the person of limited means.

The banks no doubt feel that these petty checking accounts are not only unprofitable themselves but that they virtually eat up a portion of the profits derived from those having heavier balances. It is, in a sense, a case of the weaker brother being supported by the stronger.

If our banks were a combination of savings and commercial institutions, it might be possible to get depositors into the savings departments first, keeping them there until they gradually increased their resources to a point where they could profitably be transferred to the commercial department. Of course, a change like this is continually going on where the business of banks is so divided, or in other cases from outside banks.

It is not always possible to know at just what moment an unprofitable depositor may develop into the profitable class. He might get a legacy or a windfall of some other kind. But banking would not survive very long on such uncertainties. The best thing that can happen to both parties in interest is for the small depositor, by thrift, energy and business capacity, aided by the bank, to develop into a successful man of affairs whose account would be welcome at any bank.

Perhaps, in many instances, the banks lose their patience while waiting for a development from the undesirable to the desirable class to occur.

Where a depositor with a small balance is in the habit of drawing numerous checks for petty sums the clerical labor involved makes the account unproductive of profit to the bank.

Is it possible to simplify the bank's machinery so that these small accounts would show a profit?

Or does the remedy lie in another direction?

Suppose that instead of handing out a check-book to small depositors a bank could hand out its own credit notes, would not this tend to simplify the clerical work?

The reserve being the same against notes and deposits, it would

make no difference to the bank whether the depositor had a pass-book with a deposit credit or whether he held its notes.

The Bank of France makes a large proportion of its loans in amounts of \$20 and less; but these loans are made in cash, and cash is collected for them.

Have the bankers of the country given any serious study to this problem of credit notes in relation to the needs of small borrowers?

Is it possible that here is an undeveloped field of profit which the banks have overlooked?

A CASE IN POINT.

WHILE on this subject of small checking accounts it may be instructive to quote from some recent correspondence giving the experience of a western bank. The writer, who is a very energetic young banker with progressive ideas, says:

"A recent analysis of our accounts figured on the expense of carrying each account, reveals the fact that we have 4,646 small checking accounts with an average balance of \$30. The cost of handling these accounts above the income is something like \$26,000 a year.

"I realize the fact that we ought to encourage every person to become a depositor in a bank, but somehow I am not exactly clear on encouraging them to open small checking accounts, because I have seldom found that a person who carries a small checking account is ever able to accumulate any sum of money. In fact, the small checking account seems to make it very easy for them to spend their money, and what they deposit at the end of the month is exhausted by the first of the following month. I find it has become a habit with a great majority of these to issue checks, some writing as high as thirty checks in drawing out \$100.

"From an examination of this class of depositors, I am almost persuaded that it is really a detriment to these people to be allowed to have a checking account at all. Apparently by the use of the bank check they lose their sense of the real value of money. By this I mean they find it easier to draw a check for five dollars than it would be to go into their pocket and take out a five-dollar bill, the

bill appearing to have so much more value that perhaps they would not be so inclined to spend it.

"I would not want you to understand that this bank objects to small accounts, because if there is any bank in the West that is after the accounts of the small depositor, it is ours, but we can confine these to our savings department, where money can only be drawn by appearing in person and presenting the pass-book. We make every effort to build up these accounts, and have been very successful.

"Another view which we gained from our experience is that we are obliged daily to send back about fifty to one hundred checks because of insufficient funds. It is safe to say that ninety per cent. of these checks are drawn against the small accounts. Our tellers and bookkeepers are compelled to be constantly on guard against this same class of accounts, and therefore it requires almost personal attention to take care of them. If we should eliminate these 4,600 accounts, we could carry the remainder of our commercial department of about 25,000 accounts with one-third of our present force of employees.

"Many of these accounts are simply household accounts where the wife deposits fifty dollars the first of the month and then draws this out in checks ranging from fifty cents to \$2.50. Many of the accounts belong to clerks in the various stores whose income is from \$50 to \$60 a month, and they likewise draw a great many checks. I think it is safe to say that of our 52,000 accounts the 4,600 of these small checking accounts cause more concern, more worry, and more trouble than all the rest put together.

"What I would like to see, and what we have often suggested to those whose accounts are of the 4,600, is to have their money transferred to our savings department. We are only partially successful in doing this, as many of them state that they expect to use the money and want it for back bills and small accounts. Upon inquiring of the other banks here, I find the same condition prevails, one banker stating to me that he was certain at least twenty-five per cent. of the commercial accounts carried were at a great loss to the institution.

"I have always taken the stand that if these accounts actually benefited the people by helping them to accumulate funds and thus get ahead instead of helping them to spend their money, it would

be a good investment for us to sustain a loss even of \$25,000 annually. I have gone back over these small accounts running from six to ten years, and am frank to say the balance is no larger, except where they have transferred their balance to our savings department.

"From the condition that prevails in our city, no doubt I have been prejudiced to some extent against this class of business. I am heartily in sympathy with the poor man who is honest, and have always been willing to do what I could to give him a chance, providing I could see the chance that I was giving him was really for his benefit. What we need in this country is more thrift and more saving, and I hardly think that the unrestricted giving of these small checking accounts to the poor people will ever help them to save, but would rather encourage them to spend.

"If we could give these people savings accounts, and thus be a means of assisting them in saving, I believe it would be the proper thing to do, because so many of them insist on having an unrestricted account upon which they can check as freely as they please. The banks here perhaps have taken the attitude they have towards these small accounts because this class of accounts is increasing rapidly; in fact, if we would permit it to continue another five years, our expense of carrying these accounts would probably increase to \$50,000 a year, a goodly sum, I am sure.

"My ambition is to help people of small means and not to hinder them. As yet I cannot see that a bank is doing much good by allowing them to use these checking accounts indiscriminately, and to restrict them brings on argument and discussion with each one. If you have an understanding with them that they are to draw five checks a month, nine-tenths of them will draw ten or twenty. You take the matter up with them, and they will only become angry.

"We have incidents where these unprofitable customers come into possession of some wealth, but have found as a rule that in view of the fact that they never have accumulated any sum of money and have always spent what little they had as fast as it came to them, that whatever they fall heir to melts away very rapidly; in fact, about the next day after this money comes into their possession they buy a touring car."

This correspondence, revealing as it does, in some detail, a bank's actual experience with the small checking account, should prove instructive.

If the banks have exhausted the possibilities in the economical handling of accounts, the principal remedy remaining would seem to lie in the better education of the small depositor in his duty toward the bank.

THE COTTON LOAN FUND

BECAUSE there was practically no use made of the cotton loan fund of \$135,000,000 pledged by the banks of the country, it has been assumed that the plan was a failure.

The fact is that the relief of the cotton situation brought about by the renewal of exports made the employment of this fund unnecessary. This is of course a fortunate outcome. Nevertheless it does not prove that had the cotton crop failed to move forward to markets this expedient would not have been found useful. When the cotton loan fund was formed, the export of cotton was practically at a standstill. When the crop began to move, the situation underwent a sharp change, but no one could positively foresee that such a change was so soon to occur, though it is now easy enough, after the event, to criticise the cotton loan fund as being unnecessary.

The actual value of expedients of this character is not to be determined by the use made of them. Emergency measures usually have a reassuring effect far transcending the extent to which they are employed. Speaking of the emergency measures adopted by the Dominion Government on account of the war, Sir Edmund Walker, president of the Canadian Bank of Commerce, recently said.

"The value of such measures is not to be judged by the use made of them. On the contrary, we are proud that they were used so little. Their real value consists in the assurance to the public and to the banks that steps have been taken, so far as lies in the power of the Government, to enable business to go on as usual."

This may be said of the cotton loan fund and some other emergency measures adopted in this country. Probably some of them, in the light of subsequent events, have proved unnecessary, but they at least represented a spirit of co-operation on the part of the banks

and the Government, and afford an evidence that concerted action may be relied on to do everything possible to protect the business situation. This undoubtedly adds to the general feeling of security and prevents the spread of alarm.

If the cotton situation had not automatically righted itself we should no doubt have heard plenty of criticism had the Government and the banks neglected altogether the taking of precautionary measures.

CHARITABLE AND CIVIC FOUNDATIONS

PUBLIC interest has centered lately around the great funds or "foundations" established by Mr. Rockefeller and others.

There has been much discussion as to whether these great accumulations, administered as they undoubtedly are for human betterment, were in reality beneficial or otherwise.

The argument against them rests on the ground that they tend to take away from communities and individuals a degree of their self-reliance and thus weaken the moral fiber of the people. For example, suppose that these funds set aside a definite sum to be used in bestowing a college education upon young men or women; it is contended that they would be better off if they had to work for the money necessary to procure such an education than to receive it gratuitously. This argument rests upon the assumption that great men—such as Lincoln, for example—were made great largely on account of their struggle with adverse conditions.

The belief in poverty as a stimulus to exertion and as a promoter of virtue still prevails, though each of us only recommends it to the other fellow and none of us take it ourselves.

But at least the bequests of wealth for public purposes may be expected to grow, and the question now uppermost in the public mind is how best to utilize these munificent gifts. Much of the public giving has been indiscriminate, and sometimes of doubtful usefulness. Moreover, changing conditions not infrequently tend to nullify the donor's aim.

An opportunity to leave money for the general public welfare, without tying it up in definite and ineffective ways, is afforded by

"foundations" which are being created by the trust companies of the country. The first of these was established by the Cleveland Trust Company at the suggestion of Mr. F. H. Goff, the company's president. In the first year some twenty million dollars was bequeathed to this foundation.

Following the successful example of Cleveland, the St. Louis Community Trust has been established with the St. Louis Union Trust Company as trustee. It was the belief of the committee representing various civic organizations that an opportunity to establish such a fund was offered by the fact that there were many persons who in making their wills desired to leave money for a public purpose, but lack the information as to how to leave it so as to be most effectively used. It was also the belief of the committee that the welfare of St. Louis would be greatly promoted if a fund could be established, the income of which would be used each year to advance progressive movements in the interest of the whole city. The objects sought to be attained may be thus stated in brief:

To receive contributions, large and small, from various sources, which, taken together, shall constitute one trust fund to be held and used for the benefit of the community, in such manner and for such purposes as the committee representing the community may from time to time direct, subject to the limitations imposed by the declaration of trust.

To secure a safe, economical and intelligent management of said fund through a permanent trustee, so as to produce a stable and reasonable income therefrom.

To have the income and principal applied under the direction of an impartial committee, so selected and controlled as to guarantee the best use of the funds for the particular needs of the community at the time when such funds are available.

The principal fund is to be in charge of the St. Louis Union Trust Company, as trustee, while the income, available for the purposes of the trust, is to be expended by an impartial, non-sectarian, non-political committee serving without compensation. No two members of this committee will be of the same religious denomination, and it will be composed of men or women who are informed concerning the educational, social, civic and charitable needs of the city at the time the fund is being expended.

The necessity for and the advantages of such an agency for the administration of charitable bequests are apparent to all thoughtful persons who have considered the subject. The wide distribution of wealth in this country has greatly increased the number of trust estates created primarily for the benefit of certain persons during life, and thereafter to be devoted to some charitable purpose. It is impossible for the creator of such a trust to wisely select the particular object that will be most deserving of his bounty, at the uncertain future date when the fund will be available.

The community trust solves this problem by having the representative public committee, familiar with existing conditions, determine the best means of making the fund accomplish the purposes of its donor. A person may devote a part of his wealth to aid a particular kind of people who are unfortunately conditioned in life. In time conditions may change and the cause for his benefactions disappear; the fund becomes in a measure useless, because there is no one then living who has power to change the trust and select other beneficiaries for the fund.

This, of course, is only a general outline of the plan, and other trust companies desirous of inaugurating a similar service in their communities may obtain the full details of the company already referred to above.

The certainty that under this method of handling public bequests their usefulness will be greatly enhanced, will no doubt tend to stimulate giving for such purposes.



Tax on Banking Capital

REGARDING the tax imposed on bankers by the act of October 22, 1914, this ruling is reported by the Commissioner of Internal Revenue:

"The tax on bankers due from incorporated companies engaged in the banking business should be measured by the total of the amount of capital, surplus and undivided profits used in such business, as shown by their books for the fiscal year preceding the period for which the tax is paid. Money borrowed, bills payable, rediscounts and time certificates of deposit should not be included as a portion of the capital.

"Regarding a bank, now engaged in

business and which was not doing business as such during the preceding fiscal year, the tax due should be computed on the total paid in capital, together with the surplus and undivided profits (if any) used or employed during the month the bank opened for business.

"Taking up the question of computing the tax due from a private bank, not having a capital stock represented by shares, such tax should be computed on the basis of the total of the actual capital used or employed in banking business, together with the amount of surplus and undivided profits."

Canadian Banking and Commerce— Annual Review

By H. M. P. ECKARDT

IN last year's review it was explained deposits which slowed down during that the expansive movements in the second half of 1912 came to an end entirely in 1913—the total as at December 31, 1913, being \$1,150,000,000, as against \$1,147,000,000 on December 31, 1912. Taking the whole year 1914 it is seen that there was only a trifling net gain—the increase being \$11,000,000, which amount looks small in comparison with the gains of \$100,000,000 and more recorded for 1912 and some preceding years. However, while the small net gain might convey the impression that there was comparatively little fluctuation in 1914, there were some considerable movements in evidence. Thus in January, which is always a month of great contraction, the deposits fell \$41,000,000, the decrease naturally being in the current account balances, or demand deposits. The January balance, of about \$1,110,000,000, represents the low point for the year. Up to the end of June, 1914, there was a rapid increase, stimulated by the placing of the Canadian Pacific note issue of \$52,000,000 in February and by other new Canadian loans in London. Owing to these transactions the total stood at \$1,175,000,000 on June 30—representing a gain of \$65,000,000 in the five months, and a new high record.

Since the outbreak of the war the total has shown a tendency to fall, but the decrease has not been very important. However, under normal conditions there is usually an important rise in the months of September, October and November while the crops are being financed. It is doubted whether the

contraction shown in January, 1915, will be as great as in 1914. Business has been on a quieted scale; also manufacturing and mercantile concerns are drawing capital from active business, and placing it temporarily in the form of bank deposits or other investments. So there might be an increase in the aggregate of deposits in the course of the present year. The apparently increasing disposition on the part of New York bankers to consider issues of various kinds of Canadian securities also appears to point to an increase in Canadian bank deposits.



BANK-NOTE CIRCULATION.

THE course of the bank-note circulation in 1914 has been abnormal. In the first part of the year the volume of bank notes in circulation ran a little below the figures of the preceding year. Probably the decrease would average about \$4,000,000, or say five per cent. In August there was an unprecedented jump of nearly \$20,000,000 of bank notes outstanding. In this month the Dominion Government, after the breach between Britain and Germany, relieved the chartered banks of the obligation of redeeming their notes in specie or legal tender notes, and also authorized the banks to pay their depositors with bank notes instead of legal tender as in normal times. These concessions, or privileges, were not fully availed of. The clearing-house executives in the various Canadian centres intimated to the members that settlements must be met in Dominion notes as previously. These

settlements, of course, would embrace withdrawals of deposits as well as redemption of bank notes; and there was no possibility of any bank in the Dominion following the policy of expanding its note issues and declining to redeem them through the clearing-house on demand—except through withdrawal from the clearing-house.

As mentioned, the rise of \$20,000,000 in August—the outstanding circulation jumping from \$94,000,000 to \$114,000,000—was due to the conditions created by the war. There has been no authoritative statement as to the precise cause of this expansion; but it is thought that a number of depositors converted their balances into bank notes and hoarded the latter. Although the depositor was barred from demanding gold or Dominion notes in exchange for these bank notes, he could of course use them at will for purchasing necessities, and could deposit them at any time in any Canadian bank. If he were intelligent and well informed he would also be aware of the fact that his holding of bank notes represented an absolute first claim on the assets of the issuing banks, such claim being furthermore guaranteed by the associated banks of the country. Thus the creditor unquestionably improved his position by changing his balance into notes. Of course, the hoarding of mere banking promises to pay did not have any tendency to lock up the available cash resources of the country, and did not involve any injury to the financial situation.

This preliminary rush for bank notes had the effect of making the subsequent expansion of the currency, during the crop-moving season, rather smaller than usual. In September, grain deliveries began in western Canada, and there was a further rise of \$6,000,000 in the bank-note currency. In October the circulation rose \$3,000,000, to the high point for the year—\$123,700,000. Thus, counting in the exceptional August rise, there was a total expansion of \$29,000,000, which is seven or eight millions above normal. Apart from this moderate increase in the volume of the

bank-note currency there was no special increase in the circulating medium in the hands of the public. There has been a large increase in the issues of Dominion notes (which will be referred to later) but practically all the enlarged issues of this legal-tender money were taken and held by the banks. Subsequent to October 31, the bank-note issues contracted rapidly. In November there was a drop of \$9,000,000 followed by a similar drop in December; and although the January figures are not available at date of writing, there would be another heavy fall in that month.

With reference to the loan account, it was to be expected that a considerable contraction would be in evidence. During the whole year the commercial loans in Canada decreased over \$36,000,000. On the other hand, there was an increase of over \$7,000,000 in the loans to municipalities and a new item of \$5,000,000, loaned by the Bank of Montreal to the Dominion Government. Loans to provincial governments also are up \$10,000,000. These special transactions with governments and municipalities are largely the result of the blockade in the securities markets. The item current loans outside Canada decreased \$16,000,000; and call loans in Canada fell \$4,000,000. The largest decrease in loans, however, was in connection with the call loans in New York and London. As compared with December, 1913, the reduction is \$30,000,000, but if the comparison be made with the foreign call loans as at March 31, 1914, the decrease is \$60,000,000. The item of call loans in New York has proved to be a very valuable reserve asset. The brokers and bankers in New York responded well to the requests for payment and the Canadian bankers were thus enabled to safeguard their position in Canada during the crisis. There is no doubt that when conditions are again normal there will be a decided tendency among our bankers to place their temporary reserves again in this form. The comparative statement of position as at December 31, 1914, and 1913, follows:

LIABILITIES.

	Dec. 31, 1914.	Dec. 31, 1913.
Note circulation	\$ 105,969,755	\$ 108,646,425
Dominion Government deposits	21,462,952	9,473,367
Provincial Government deposits	20,091,309	22,836,323
Deposits of the public (demand)	349,909,953	381,875,509
Deposits of the public (notice)	662,830,037	624,692,326
Deposits elsewhere than Canada	98,901,413	103,403,085
Deposits of other banks in Canada	8,734,191	7,792,336
Due to banks in Great Britain	15,893,529	12,810,721
Deposits of banks in foreign countries	7,916,454	8,267,044
Bills payable	7,960,509	16,537,284
Acceptances under letters of credit	12,247,502	8,556,210
Other liabilities	2,728,572	3,866,152
Total	*\$1,314,646,254	*\$1,308,756,866
Capital paid	113,916,913	114,809,297
Rest, or surplus	113,070,859	112,118,016
Profit and loss balance	13,922,789	15,579,253
Total	\$1,555,556,815	\$1,551,263,432

ASSETS.

	\$ 62,569,688	\$ 45,423,463
Specie	\$ 62,569,688	\$ 45,423,463
Dominion Notes	138,056,339	104,778,358
Circulation redemption fund	6,732,562	6,650,995
Deposits in central gold reserves	9,700,000	7,597,066
Notes and cheques other banks	62,053,441	75,675,413
Loans to other banks	126,978	129,175
Deposits in other banks, Canada	7,660,751	4,813,890
Due by banks in Great Britain	10,239,738	9,312,932
Due by banks in foreign countries	35,427,429	25,601,151
Dominion and provincial securities	11,233,636	10,950,292
Canadian municipal, etc., securities	22,371,171	22,339,628
Railway and other bonds	72,055,700	71,108,182
Call loans, Canada	68,511,653	72,862,971
Call loans, elsewhere	85,012,964	115,984,680
Current loans, Canada	786,034,378	822,387,975
Current loans, elsewhere	43,413,760	58,305,388
Loans to Dominion Government	5,000,000	.....
Loans to Provincial governments	14,104,820	3,827,862
Loans to municipalities	38,256,947	30,518,573
Overdue debts	6,188,017	4,538,089
Real estate other than premises	3,484,561	2,048,860
Mortgages on real estate	1,693,831	1,670,192
Bank premises	46,713,745	41,756,221
Liabilities of customers (letters of credit)	12,247,502	8,555,535
Other assets	6,667,038	4,426,365
Total assets	*\$1,555,556,815	*\$1,551,263,432

*Differences in addition due to omission of cents.

Immediately Available Reserves.

	Dec. 31, 1914.	Dec. 31, 1913.	Per Cent. of Whole.	Per Cent. of Whole.
Specie	\$ 62,569,688	\$ 45,423,463	19	15
Dominion notes	138,056,339	104,778,358	42	36
Surplus in central reserves	5,868,157	5,789,473	2	2
Net foreign bank balances	35,427,429	22,103,362	11	8
Foreign call loans	85,012,964	115,984,680	26	39
Total	\$326,934,577	\$294,079,336	100	100

It will be noted that there is a remarkable change in the composition of the available reserves as shown in the above table. The total amount as at the end of December, 1914, was nearly \$83,000,000 greater than the amount shown at the same date in the preceding year. So far as the specie is concerned, it represented on the later date nineteen per cent. of the whole as compared with fifteen per cent. in 1913. There is an increase also in the relative proportion of the net foreign bank balances. The foreign call loans now represent only one-quarter of the whole as against about two-fifths of the whole in 1913. This reflects the wholesale liquidation of call loans in New York and London during the first three or four months of the war. The item of Dominion notes shows a relative increase. Reference to the inconvertibility of these notes has already been made; and the circumstance should be kept in mind when studying the banking position in Canada. The experience of the past few years indicates that roundly \$90,000,000 of Dominion notes would be sufficient to enable the Canadian banks to meet their settlements at the home clearing-houses, when the holding is supported by, say, \$45,000,000 of specie and a reasonable amount of foreign call loans and balances. Thus the inconvertible paper money in the bank vaults is nearly \$50,000,000 in excess of the amount that can be profitably used. To this extent the paper money issues of the Government have absorbed funds which under ordinary circumstances are used in the form of foreign call loans or loans to mercantile and industrial interests in the Dominion. Of course, during the trade depression there is little or no pressure from the business customers for increased credits. But if business were to revive, as the result of a big wheat crop at high prices in 1915, these excessive holdings of Dominion notes might prove decidedly embarrassing. There is involved also a considerable decrease in earning capacity of the banks. If the \$50,000,000 now carried as excess holdings of legal-tender notes

were invested in discounts or call loans, there would be some revenue from it, and the fact would have a tendency to cheapen the general bulk of mercantile discounts.

It will be seen from the accompanying statement of profits that there was not much of a reduction in 1914. However, in case of one of the banks in the list the 1914 figures show profits of \$1,218,694 as against \$533,653 for a period of five months in 1913. Allowing for this and for the profits of one of the smaller banks which has not yet reported for 1914, there would be a decrease of nearly \$1,200,000 in net earnings for the past year. It is also to be remembered that some of the annual reports issued in 1914 covered in part the more prosperous times of 1913. This would apply to institutions whose reports were issued early in the calendar year.



OUTLOOK FOR THE FUTURE.

THE outlook for the coming year is for a further decrease in earning capacity. Loans and discounts to commercial interests have been substantially reduced, and the temporary loans to governments and municipalities, which replaced them in part, bear lower rates of interest. Another point is that commercial failures have increased greatly, and this increase involves heavier appropriations for bad and doubtful debts. Again, although rates for call loans abroad were fairly high from August to December, they have declined latterly to an unprofitable level. One of the remarkable features of the annual reports issued in the past year is the large amount required to be appropriated to cover depreciation in bond investment. Altogether, for this purpose and for special losses from bad debts, over \$2,000,000 were used last year. There were some special items which brought the total of these appropriations in 1913 and 1912 up to about \$1,200,000 in each year; but prior to 1912 the

NET EARNINGS OF CANADIAN BANKS.

Bank	Year ended	Net. Profits		Div. Paid	
		1914	1913	1914	1913
Bank of Montreal.....	Oct. 31	\$2,496,452	\$2,648,403	12%	12%
*Quebec Bank	Oct. 31	275,761	288,889	7	7
*Bank of Nova Scotia.....	Dec. 31	1,196,116	1,210,774	14	14
Bank of British No. America.....	May 31	685,691	747,485	8	8
Bank of Toronto.....	Nov. 30	829,538	850,694	12	12
*Molsons Bank	Sept. 30	608,196	669,373	11	11
Banque Nationale	Apr. 30	319,903	302,305	8	8
*Merchants Bank of Canada.....	Apr. 30	1,218,694	533,653	10	10
*Banque Provinciale	Dec. 31	187,866	180,781	6	6
Union Bank of Canada.....	Nov. 30	712,440	750,096	9	9
Canadian Bank of Commerce.....	Nov. 30	2,668,234	2,992,951	12	12
Royal Bank of Canada.....	Nov. 30	1,886,143	2,142,100	12	12
Dominion Bank	Dec. 31	925,364	950,402	14	14
Bank of Hamilton.....	Nov. 30	485,265	498,273	12	12
Standard Bank of Canada.....	Jan. 31	555,095	462,080	13	13
Banque d' Hochelaga.....	Nov. 30	566,614	534,700	9	9
Bank of Ottawa.....	Nov. 30	620,691	706,740	12	12
Imperial Bank of Canada.....	Apr. 30	1,236,985	1,125,971	12	12
Metropolitan Bank	Dec. 31		165,659		10
Home Bank of Canada.....	May 31	192,442	167,126	7	7
Northern Crown Bank.....	Nov. 30	201,288	281,167	6	6
*Sterling Bank of Canada.....	Apr. 30	107,042	113,400	5	5
*Bank of Vancouver.....	Nov. 30		5,993		
*Weyburn Security	Dec. 31		53,969		5
		\$17,975,820	\$18,382,984		

*Quebec Bank profits 1914 less taxes.

*Bank of Nova Scotia absorbed Metropolitan Bank.

*Molsons Bank profits 1913, less taxes.

*Merchants Bank of Canada profits 1913, five months only.

*Banque Provinciale profits 1914 and 1913, less profits.

*Sterling Bank of Canada profits 1914, less taxes.

*Bank of Vancouver, suspended payment.

*Weyburn Security Bank, 1914 profits not published at date of writing.

appropriations, as published, scarcely ever exceeded \$300,000.

No reductions of dividend occurred in 1914. As a general rule the Canadian banks do not distribute more than sixty per cent. of their current earnings in the form of dividends to stockholders—the balance being applied to strengthen reserves, undivided profits, write down bank premises account, etc. Thus current dividends can be maintained unless there is a falling off of more than one-third of the annual earnings.



BANKING HISTORY.

A PART from the events connected with the war, the banking history of 1914 has been comparatively commonplace. Towards the end of the year

one small institution with operations localized in the Province of British Columbia suspended payment. This bank—the Bank of Vancouver—was founded five years ago. It paid no dividends, and a year or so before its suspension was obliged to cut its capital stock practically in two as a result of losses. Local banks after the United States pattern seem to have a poor chance of success in Canada. When one starts, no matter where it is, it finds the field solidly occupied by a number of other great banks which are carrying all the sound and desirable accounts at rates probably lower than the new institution can quote. The new bank with its local board of directors usually takes on a considerable amount of business which the other institutions will not touch. Its management, as a rule, is not so well able to resist pernicious local influences.

This failure had practically no influence on the general situation, owing to the smallness of the figures involved. It should be noted, by the way, that the failure is the first Canada has had since 1910. There was one bank amalgamation during the year—the Bank of Nova Scotia absorbing the Metropolitan Bank. Both of these institutions were prospering. The Bank of Nova Scotia is one of the older banks—in point of age it ranks after the Bank of Montreal and Quebec Bank—and its affairs have always been administered with skill and conservatism.



PRODUCTION AND TRADE.

THERE was a considerable falling off in the agricultural yield in 1914. The eastern provinces maintained their ground fairly well, but there was a heavy falling off in the west as a result of dry weather. Herewith is a table of the estimated yield of wheat, oats, and barley for the three provinces of Manitoba, Saskatchewan and Alberta during the past eight years:

	Wheat. Bushels.	Oats. Bushels.	Barley. Bushels.
1907.....	70,922,584	74,513,000	19,187,000
1908.....	96,863,689	108,987,000	24,050,000
1909.....	119,200,000	163,998,000	30,542,000
1910.....	101,236,000	108,301,000	7,130,000
1911.....	169,725,000	185,570,000	33,300,000
1912.....	196,000,000	224,500,000	49,600,000
1913.....	188,878,000	208,308,000	35,432,000
1914.....	134,445,628	150,474,500	28,900,916

The decrease in yield was in part offset by a considerable rise in prices. Probably the larger part of the wheat crop was sold when prices were around the dollar mark. This represents a gain of from twenty-five to thirty per cent. over the preceding year's prices. Then the prospects for the coming year have been brightened considerably by the recent rise in wheat prices to the \$1.50 level. There is a strong disposi-

tion among the farmers to put in every available acre in the spring.



THE WAR ORDERS.

GENERAL business has been benefited to some extent by the large orders placed in Canada by Britain, France and Russia. Of course, the Canadian orders are not nearly as large as those placed in the United States, but they aggregate a very respectable total. They comprise orders for shoes, uniforms, harness, shells, wheat and flour, horses, motor cars, and various other items. The expenditures of the Dominion Government in financing the raising and despatch of troops to Europe have also increased the activity of special lines. Canada expects to have at least 50,000 men under arms at home all the time, and in all probability she will have also from 75,000 to 100,000 men in Europe. This large force necessitates extensive financing.

However, the expenditures for war purposes have not sufficed to offset the general depression. Unemployment is much in evidence and many new factories are idle or only partially employed. The practical completion of the big railway schemes, and the closing of the London market to Canadian securities have been important factors in deepening the depression. Latterly the flotation of certain bonds and debentures in New York has raised hopes that a fairly good market may be developed in the United States. If these hopes are realized there may be some increase in industrial activity and the rapid decrease in volume of Canadian purchases in the United States may be checked.

As might be supposed, the immigration movement has dropped to very small figures. European workmen have ceased to come; and the movement of American farmers into the western prairies has fallen off greatly. Probably the immigration for the whole year would be not much more than half of that recorded for 1913.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Scaling Liabilities

IT has long been recognized as lawful and proper to restore insolvent mutual institutions to a condition of solvency by charging each creditor with a proportion of the loss.

In several instances in New York, Massachusetts, Connecticut and Maine, insolvent savings banks have been rehabilitated by charging each depositor a proportionate share of the loss, so that the liability to depositors became less than the available resources.

This principle has been recognized in the revision of the New York Banking Law, and the scaling process is now a statutory provision in New York, whereas it was formerly a judicial proceeding only.

The first application of this process under the new law has been made in the case of the Eagle Savings and Loan Association of Brooklyn, whose assets had become depleted.

The Court is not clear as to its power in the matter, and is divided; but over the approval of the Superintendent of Banks, and at his request, grants the order as an experiment, an alternative to winding up the affairs with greater loss.

It would seem unjust to the depositors to hold the officials harmless for the fraud, and the ruling in the present instance is without prejudice to any right of action which any member has against any officer or director for malfeasance in office.

The results of the scaling process have always proven beneficial, and the end has justified the means, the institution saved from liquidation and the

loss reduced to a minimum. (See *In re Eagle Savings and Loan Co.* in this issue.)



Indefinite Place of Payment

PROMISSORY notes are frequently drawn in their printed form payable at the _____ Bank, without specifying the full corporate title or the place where the bank is located.

The language of the instrument is not ambiguous, but *uncertain*. Thus there are thousands of "First National Banks," and a note so payable invites inquiry as to which one of the many is meant. But when the place and date are properly given in the instrument, it is not difficult to interpret the meaning of the maker to be that the instrument is payable at the bank located in the place named.

A note was dated at "Hornell, N. Y.," and made payable at the "First National Bank." It was presented for payment at the First National Bank of Hornell, N. Y., protested, and notice of dishonor sent to the parties.

The question at issue was whether the note was properly presented or not. The defendants claimed that presentment should have been made at their places of business or at their residences.

The Court very logically held that, reading the note as a whole, clearly indicated that it was payable at the First National Bank of Hornell, N. Y., citing *Bailey v. Berichofer*, 123 Iowa 59, where the same conditions existed: "Where no place of payment is named

in a note, it is presumed to be payable where the maker resides; and where a bank is named, it will be presumed, in the absence of language appearing on the face to the contrary, that it was at the maker's home town."

(See *Finch v. Calkins* in this issue.)



Error in Transmitting Telegraphic Stop Order

IN the transmission of telegraphic messages accuracy is important. In some cases it is absolutely essential. An error in terms, amount, name, or other detail may result in loss to the party addressed, and come back on the company, as negligence.

In banking matters it is vital that such messages be accurately sent. To wire a broker to sell "two" shares of stock, and through error the "two" is ticked off "ten," is to lead to serious trouble on all sides.

In this issue we present a case where a depositor wired a bank to stop payment on a draft issued to "James J. Manson," which by telegraphic error was made to read "James F. Manison," the error resulting in the bank being misled as to the draft referred to, and payment was therefore made over a stop order, which was wrongly sent.

While the case is one which bears particularly on the liability of telegraphic companies, it is full of banking interest, and worthy of perusal. (See *Western Union Telegraph Co. v. Louisell*.)



Amortization of Bond Income

IT is a principle of law and accounting that the principal of an estate should be kept intact, unless it is the clear intent of the testator that the estate is to be depleted by overpayment of income.

For instance: If a will were to pro-

vide that the fund should be invested in New York City bonds of a certain class, they would cost a premium. Let us assume that a $4\frac{1}{2}$ per cent. bond is bought at \$1,050, due in ten years.

If the full $4\frac{1}{2}$ per cent. is paid to the beneficiary for the term, at the end of the period the principal will be reduced by \$50 if no sinking fund is established to replace the amount so invested. But if only the net income is paid over, let us say, $4\frac{1}{4}$ per cent., and the rest is set aside in a separate fund, the maturity of the bond will find the original principal still intact, and the beneficiary has had all that law and equity could in justice to the remainderman give.

Even if the will is silent on the subject, any investment in premium bonds should be made in accordance with the amortization principle above crudely stated. (See *Kemp v. MacReady*, in this issue.)



Telegraphic Stop Order

ALABAMA.

*Error in Transmitting Telegram—
Right to Countermand Payment—
Damages.*

Court of Appeals of Alabama, Nov. 19,
1914. Rehearing Dec. 15, 1914.

WESTERN UNION TELEGRAPH CO. vs.
LOUISELL.



ACTION by Wm. H. Louissell against the Western Union Telegraph Company. Judgment for plaintiff, and defendant appeals. Affirmed.



STATEMENT OF FACT

THE second count, as amended, is as follows:

Plaintiff claims of defendant * * *

as damages for that heretofore, to-wit,
 * * * defendant, being then and
 there a telegraph company doing business in the State of Alabama, and engaged in the transmission of messages from Repton, Ala., and other points, to Mobile, Ala., for compensation, undertook and promised, for a valuable consideration, and which was paid by a plaintiff's agent, to transmit from Repton to Mobile, Ala., and deliver to the City Bank & Trust Company, a telegraphic message reading as follows: "Manistee, Ala., May 17, 1905. City Bank & Trust Co., Mobile, Ala., Decline payment James J. Manson for \$250, unless further advised by me. William H. Louissell." And plaintiff avers that prior to sending such message plaintiff gave a draft to James J. Manson upon the City Bank & Trust Company, for \$250, which he had the right to and desired to revoke; that had said telegram been duly and properly transmitted, the City Bank & Trust Company would have declined payment of said draft, as instructed by said telegram, but that by reason of the said negligence of said defendant, the name of James J. Manson was erroneously changed in the telegram as delivered to James F. Manison, by reason of which said error, the City Bank & Trust Company were misled as to the draft which plaintiff intended to revoke, and by reason of such error paid said draft, which plaintiff had issued to said James J. Manson, and charged the same to plaintiff's account, to the great damage of plaintiff, wherefore he sues.

The demurrers were: That the names were idem sonans. That the telegram as delivered was amply sufficient to put the bank on notice as to what was intended. The complaint does not allege that the bank was, in fact, misled by the alleged error in the telegram. The error was not, in fact, misleading. Plaintiff was actually indebted to payee in the draft for the full amount of the same for aught that appears, and, hav-

ing paid his own debt, cannot complain. For aught that appears the draft has been indorsed by the payees and delivered to a bona fide holder, provided at the time the messages were filed. Failure of complaint to show that plaintiff had a right to revoke the draft and stop the payment at the time the telegram was sent, because it does not aver that the draft was in fact presented to the bank and paid by it after the alleged mistaken telegram had been, in fact, received by it.



OPINION OF THE COURT

(In Part)

THOMAS, J: This case has been once before our Supreme Court (West. Union Tel. Co. v. Louisell, 161 Ala. 231, 50 South. 87), which was before the creation of this court. * * *

Our Supreme Court, while considering the case as presented to it on the first appeal, in reviewing the action of the lower court in giving the general affirmative charge for plaintiff, among other things said:

"One material allegation of the complaint as to which there was no direct proof, and of which it is difficult to see how there could be direct proof, or any proof other than that by a jury drawn as an inference from the facts is this: 'That had said telegram been duly and properly transmitted, the City Bank & Trust Company would have declined payment of said draft as instructed by said telegram, but that by reason of the negligence of the defendant,' etc. What direct and uncontradicted evidence there was to prove this allegation we are unable to find." The complaint was so amended on the present trial as to obviate the necessity for any such proof by substituting in lieu of the allegation so quoted, the following allegation: "That had said telegram been duly and properly transmitted and delivered

to said City Bank & Trust Company, it would have been the duty of the City Bank & Trust Company to decline payment of said draft as instructed by said telegram, but that by reason of the negligence of the defendant," etc.

With this exception, said Count 2 of the complaint, which was so under consideration on the former appeals, is unchanged from what it was then, except also that in lieu of the following allegation then in the count, to wit:

"By reason of which said error the City Bank & Trust Company were misled as to the draft which plaintiff intended to revoke, and by reason of such error paid the said draft which plaintiff had issued to James J. Manson, and charged the same to plaintiff's account," etc.

—the following allegation was substituted, to wit:

"By reason of which said error it did not become the duty of the City Bank & Trust Company to decline payment of said draft, which was drawn in favor of James J. Manson, and the City Bank & Trust Company had a right to and did pay said draft, which plaintiff had issued to James J. Manson, and charged the same to plaintiff's account." etc.

The effect of this last change of averment was likewise, as in the case of the other change first noted, to relieve the necessity of making proof of a fact—alleged in the count before amendment and omitted, as seen, by the amendment—that was not susceptible of direct and positive proof, to wit, that the said City Bank & Trust Company was misled by the said error in the telegram. As to whether it was misled or not had reference to a mental status—a condition or state of things existing in the mind—a fact of such a nature that it could only be proved as an inference from other facts.

So long as such an allegation remained in the count, it was necessary, under the decision of our Supreme Court mentioned, that the case go to the jury, and not be withdrawn from them by the affirmative charge, since it was their function and not the court's, to say

whether or not such an inference should be drawn from the evidence.

The two mentioned amendments, therefore, removed from the complaint every allegation that was not susceptible of direct and positive proof; and there having been on this trial positive and direct and uncontradicted proof of the fact of the alleged error in the telegram (which was not the fact when the case was under review by our Supreme Court, as will appear from an examination of their decision), and also direct, positive, and uncontradicted proof of every other material allegation of the complaint, as so amended (which, as noted, was likewise not the fact when the case was before our Supreme Court), we are of the opinion that, in here holding that the lower court did not err on this trial in giving the general affirmative charge for plaintiff, we are acting, not in conflict, but in entire accord, with the said decision of our Supreme Court.

Under the complaint as last amended, we are clear in the opinion that, if, as hypothesized in said charge, the jury believed the evidence, there was no alternative but to find, as stated in the charge, a verdict for the plaintiff. The defendant introduced no evidence whatever; but the chief insistence of its counsel (we judge to be) is that each and both of the amendments, as pointed out, of the count upon which the trial was had, and which amendments wrought, as seen, material changes in such count, were such as to render the count demurrable in this: That the plaintiff in each of such amendments, in order to obviate the previous necessity of proving facts that were susceptible of proof only by inferences to be drawn by the jury as before pointed out, alleged a conclusion of law as to the duty of the said City Bank & Trust Company, with reference to the payment and non-payment of the draft, that the law does not authorize to be drawn from the facts as set forth in the count.

We agree that the legal conclusions are alleged, as contended, but we do not agree that they are not warranted by the facts alleged. On the contrary,

we are of opinion that they are. The giving of a draft or check does not operate as an assignment to the payee of the funds in the hands of the drawee, but the drawer has the right to countermand its payment, and if he does so by notice to the drawee, before the presentation of the check or draft, the drawee would be under duty, as alleged in the count, not to pay or accept it. *People's Savings Bank v. Lacy*, 40 South. 346; *Nat. Com. Bank v. Miller*, 77 Ala. 168, 54 Am. Rep. 50; *Sands, etc. v. Matthews*, 27 Ala. 399; *Anderson v. Jones*, 102 Ala. 537, 14 South. 871; *Andrews v. Frier-son*, 134 Ala. 626, 33 South. 6. And we are of the opinion, as a matter of law, that notice to a drawee bank not to pay a draft, stated in the notice to be drawn in favor of "James F. Manison for \$250," is not, in the absence of more, notice to it not to pay a draft then actually drawn and subsequently presented in favor of "James J. Manson for \$250." The bank had a right and was under duty to act upon the letter of the notice or instruction, unless it knew that there was error therein. Presumptively—from the facts alleged in the count—it had no such knowledge, but had a right to assume and to act upon such assumption, that the defendant telegraph company (who, in transmitting and delivering to the bank plaintiff's message, acted as plaintiff's agent) correctly transmitted such message. *Western Union Tel Co. v. Farmers' & Merchants' Bank*, 62 South. 250.

This message, as delivered to the bank, read, as was alleged and as was proved without dispute on this trial: "Decline payment of James F. Manison for \$250, unless advised further by me." Such a message, in and of itself, furnished the bank no warrant or authority for declining payment of a draft drawn by plaintiff on the bank for \$250 in favor of "James J. Manson"; and, consequently, so far as any direction or information contained in said message was concerned, the bank was under duty to pay the latter named draft when presented.

If, independent and outside of the

message, the bank knew facts, or came into the possession of facts, at any time before it accepted or paid the latter named draft, from which it knew or was bound to know that there was a mistake in the message, and that the plaintiff intended by the message to direct them not to pay the draft drawn in favor of "James J. Manson" (for instance, if the bank had known that, prior to the time the plaintiff sent the message, he had given a draft to "James J. Manson" for \$250, and had not given one at all to "James F. Manison" or any other person of like name), then probably the bank, after receipt of the message directing it not to pay the "James F. Manison" draft, would have been under duty to decline payment of the "James J. Manson" draft when presented.

Presumptively, however, the bank had no knowledge that there was a mistake in the telegram; and, this being true, the plaintiff was not required to negative, by allegation, the existence of such knowledge. If it in fact existed, such knowledge, as a result of the changed averments of the complaint noted, became defensive matter, and the defendant, under the plea of the general issue, was at liberty to prove any facts from which it might be inferred that the bank had such knowledge. If it did have knowledge of the mistake in the telegram, then defendant's negligence in erroneously transmitting the telegram was not, and could not be, said to have been the proximate cause of the injury; for in such case, notwithstanding the error, the bank knew better, and should have declined payment of the draft. It (the bank), and not the defendant, would, in the event it knew of the error, have been liable to the plaintiff for the sum of money paid out on the draft.

While it was not necessary, we think, as stated, in the making out of plaintiff's prima facie case, yet he introduced the bank officials, who testified that they had no knowledge of the mistake. The defendant, as said, introduced no testimony whatever. The bare fact of the similarity between the

name "James F. Manison," in whose favor the telegram to the bank, instructing nonpayment, stated the draft to be, and the name "James J. Manson," the payee of the draft subsequently honored by the bank, does not, standing alone, of and by itself, afford, as contended, any evidence, inferential or otherwise, that the bank knew or should have known that there was a mistake in the telegram, and that such telegram was really intended to stop payment of the "James J. Manson" draft.

There are so many names, and differences in distinct names are often so slight, people are so numerous, commerce so extensive and diversified, and the business dealings and other transactions of individuals, involving the payment of money and the drawing of checks or drafts, are so varied, both as to character and as to the persons with whom such individuals may deal, that it would be monstrous, we think, to assume that when a customer wires from a distant point his bank not to pay a draft stated to have been drawn by him in favor of "James F. Manison" for \$250, the bank should know, from such telegram alone not to pay such customer's draft in favor of "James J. Manson" for \$250, when, subsequent to the receipt of the telegram, such draft is presented to the bank. With this telegram before it or in mind, when "James J. Manson" presented his draft for payment—although his name is similar to the name ("James F. Manison") stated in the telegram—how did the bank know but what the plaintiff had, at or before the time he sent the telegram, given two drafts for \$250—one to "James J. Manson" and one to James F. Manison—and but what the latter draft would be also presented later?

The bank had a right, and it was its duty, to so presume, unless it knew to the contrary. It would have acted at its own peril if it had done otherwise. Nor was it under legal duty to inquire as to whether or not a mistake had been made. The bank is not the guardian of

its customers—at least, not to this extent—and when one of the latter gives, or sends by agent, as in this particular case, an instruction not to pay a particular named draft, the bank is under no obligation, the instruction being, as here, clear and unambiguous, to inquire if a mistake has not been made.

It may stand upon the letter of that instruction; and if a mistake has been made in such instruction by the customer himself, then he, of course, is in no position to complain against any one; but, if a mistake has been made by his agent in transmitting such instruction, then the agent, as the defendant was, is responsible for its negligence in that particular, and liable for the damages proximately resulting therefrom.

Suppose, instead of being a suit by the plaintiff against the defendant telegraph company for \$250 and interest for negligence in erroneously transmitting said message, this was a suit by the plaintiff against the said bank for \$250, and interest, for having paid, after receiving such message, plaintiff's draft to "James J. Manson" for \$250. The plaintiff certainly could not recover, by showing only that before the payment of said draft the plaintiff sent a telegram to the bank which, when delivered to the bank, directed them not to pay plaintiff's draft to "James F. Manison" for \$250. *People's Saving Bank v. Lacy*, supra; *Nat. Com. Bank v. Miller*, supra. Such evidence, standing alone, would not only be insufficient to send the case to the jury, but a complainant in such a case, which alleged that the bank was notified in advance of the payment, or acceptance of the "James J. Manson" draft not to pay the "James F. Manison" draft, would have been demurrable. To make a case against the bank, even a *prima facie* one, something more would have to be shown—that is, that the bank knew certain facts from which, when it received the telegram, it was bound to know that it had reference to the James J. Manson draft.

The defendant's only chance to es-

cape liability for its negligence in erroneously transmitting the telegram was to make a case against the bank by showing that, notwithstanding defendant's error, the bank knew, or was in the possession of such facts that from them it was bound to know, of the mistake before it paid the Manson draft. There is no evidence in the case tending to so show, either or inferentially.

What we have said and the conclusions reached with reference to the demurrers and the affirmative charge render it unnecessary to consider the action of the court in its other rulings complained of and before mentioned. *Western Union Tel. Co. v. Whitson*, 145 Ala. 426, 41 South. 405; *Griffin v. Bass Foundry & Machine Co.*, 135 Ala. 490, 33 South. 177; *Bawling v. M. & M. Ry. Co.* 128 Ala. 556, 29 South. 584.

The judgment appealed from is affirmed.

Affirmed.



ON REHEARING

The affirmative charge given by the court for the appellee, as referred to in the foregoing opinion, read as follows:

"The court charges the jury that if they believe the evidence in this case, their verdict must be for the plaintiff for \$250, with interest from the date of the payment of the check by the bank to the rendition of the verdict; the amount of the verdict not to exceed the sum claimed in the complaint."

It is urged by the appellant in application for rehearing that, although it be conceded that such charge was correct in so far as it instructed the jury that if they believed the evidence they must find for the plaintiff, yet such charge was erroneous in that it went further and instructed them also that, if they found for the plaintiff, the amount of damages they should assess would be the value of the \$250 of plaintiff's money that had been so paid out by the bank on the mentioned check, together with interest thereon.

This is the rule for the admeasurement of damages obtaining in a case where the depositor sues the bank for money of his that the bank has paid out on a check that had, by notice to the bank, been revoked before such payment or acceptance (*People's Savings Bank & Trust Co.* [Sup.] 40 South. 346); and we see no reason why a different rule should obtain here, where the money is paid out, not, as in the other case, because of the negligence of the bank in failing to give heed to the revoking notice, but as a proximate result of the negligence of defendant telegraph company in failing as plaintiff's agent to transmit correctly to the bank such revoking notice. The fact, if it be a fact, as suggested by appellant's counsel, though we do not think the evidence sustains the contention, that the amount of plaintiff's money so paid out by the bank as a result of defendant's negligence went in discharge or part payment of a debt or obligation due by plaintiff to the drawee of the check or draft does not, we think, alter the case or lessen the amount of damages that plaintiff is entitled to recover, since there is here no evidence whatever tending to show that the plaintiff authorized the payment (all of the evidence being, as seen, to the contrary), or that he subsequently in any way ratified it.

The rule is well settled that "no man can make another his debtor without his consent"—that no man can by paying the debt of another without his request make that other his debtor, unless that other avails himself of the payment by insisting on it as a satisfaction of the debt. *Denby v. Mellgrew*, 58 Ala. 147. There is, as said, no evidence whatever that plaintiff has availed himself of the payment by insisting on it to the drawee as a satisfaction of the debt. This without more is sufficient to dispose of defendant's contention on rehearing; consequently we need not, and do not, consider as to whether there are not also other sufficient answers.

The other suggestion of appellant on

application for rehearing, which is, in substance, that if we adhere to our holding in the original opinion to the effect that the bank had the right to act on the telegram as delivered to it and was not bound to make inquiry, it will result in laying down a rule that a bank could act on a forged telegram, and that, if ignorant of the forgery, it could escape liability, is, we think, indeed far-fetched and has no bearing whatever on the case we considered and are considering, where no question whatever of forgery has arisen. The authenticity and genuineness of the telegram here is admitted. Nor is there anything in what we have said in the opinion to conflict with the holding, quoted in appellant's application for rehearing from the case of *Curtice v. Landon City & Midland Bank, British Ruling Cases, 417*), as is too clear from such quotation itself to need comment, to wit:

"Though a telegram countermanding a check may reasonably be acted on by a banker, at least to the extent of postponing the honoring of the check until further inquiry can be made, yet a banker is not bound to accept an unauthenticated telegram as sufficient authority for the serious step of refusing payment."

Such is not this case at all.
60 Southern Rep. 839.



Scaling Liabilities

NEW YORK

Right of Building and Loan Association to Scale Down Its Liabilities to Restore a Condition of Solvency

New York Supreme Court, Appellate Division, Second Department, December 11, 1914.

IN RE EAGLE SAVINGS AND LOAN CO.



APPPLICATION by the Eagle Savings & Loan Company for an order reducing its liability to its members. Granted.

PER CURIAM: Upon the petition of this association, approved by the Superintendent of Banks and pursuant to the provisions of section 404 of the Banking Law, we have ordered a reduction of the liability of the said association to its members, so as to distribute the loss equitably among them. While it is not entirely clear that this statute properly devolves such power upon the court, we feel that we should not pass upon that question upon an *ex parte* application. Not only has the Superintendent of Banks formally approved of this petition, as required by the statute, but in attendance upon us he states that it is his best judgment that this is a wise measure, because the alternative is immediate winding up of the association by the Department of Banks, which would entail great loss to those interested in the association.

The order is experimental. If it is ultrajudicial, no rights of any of the members are affected. In any event, it is made without prejudice to any present right of action which any member has against the officers or directors of the association for misfeasance or malfeasance in office. The Superintendent of banks has given to the court his assurance that he will subject the association to frequent visits, which will involve almost constant scrutiny into the future conduct of the association.



PUTNAM J. (dissenting): By section 278 of the former Savings Bank Law (chapter 409, Laws of 1882), in certain cases of misconduct or impairment of assets, the Attorney General could institute judicial proceedings in which the court, having become regularly possessed of the cause, could look into and pass upon a measure scaling down depositors' claims. *People v. Ulster Co. Savings Institution*, 64 Hun, 434, 18 N. Y. Supp. 960. The court could then act judicially, and its orders were effective as against the depositors. But the present amended Banking Law (chapter

369, Laws of 1914) simply provides (by section 404) for an order made ex parte on the directors' petition, approved by the superintendent of banks, which on its face cuts down a deposit without a hearing, and thus affects rights which the court has no means adequately to look into. An order so made, which indorses and confirms the vote of the directors, can only be administered even if bearing the signature of a judge.

Hence I dissent, on the ground that this amendment, which calls for a court order, but without court proceedings, attempts to put on the court nonjudicial functions, and is therefore unconstitutional.

(150 N. Y. Supp. 442.)



"Money Paid Into Court"

NEW YORK.

Trust Funds—Preferred Deposits.

New York Court of Appeals, Dec. 1, 1914.

HENKEL VS. CARNEGIE TRUST CO., ET AL.
MORRIS VS. SAME.

Banking Law (Consol. Laws, c. 2) § 186, subds. 6, 11, provide that a trust company may be designated as a depository of money paid or brought into court. Section 189 provides that all moneys brought into court by order or judgment of the court may be deposited with a corporation designated by the state comptroller. Section 190 provides that, if dissolved by the Legislature or the court, debts due from the corporation as depository, shall be preferred. Code Civ. Proc. §§ 743-754, inclusive, provide for the payment of money into court and the care and disposition thereof. *Held*, that money received by a trustee or a receiver in bankruptcy and deposited, subject to check, with a trust company, a depository designated by the state comptroller, although in constructive custody of the court, is not money paid into court within the statutes, and the debt created thereby is not entitled to a preference on bankruptcy of the corporation. (From N. W. Rep.)



ACTIONS by William Henkel, Jr., as trustee in bankruptcy of Joseph Newman, bankrupt, and by Robert C.

Morris, as receiver of Simon Lindau, alleged bankrupt, against the Carnegie Trust Company and others. There was judgment in each case dismissing the complaint on the merits, which was reversed by the Appellate Division (154 App. Div. 596, 139 N. Y. Supp. 969) with directions to enter judgment for plaintiff, and defendants appeal. Reversed.



STATEMENT OF FACT— OPINION.

CARDOZO, J.: Trust companies, designated for that purpose by the comptroller of the state, have the right under Banking Law (Laws 1909, c. 10, sec. 186, subd. 6 and 11, and sec. 189; Consol. Laws, c. 2) to act as depositories of money paid into court. Debts incurred as such depositories are entitled to a preference. Banking Law, sec. 190. The Carnegie Trust Company, which is insolvent and in liquidation, was designated as an authorized depository by the state comptroller. It was also designated by the United States District Court as an authorized depository for the money of bankrupt estates, and to that end was required by the bankruptcy court to execute a bond in a prescribed sum to the people of the United States. Bankruptcy Law, sec. 61 (U. S. Comp. St. 1913, sec. 9645). The plaintiffs are respectively the trustee and the receiver of estates in bankruptcy. The money which came into their hands in the administration of their estates they deposited in the Carnegie Trust Company. The deposits were subject to withdrawal by checks. The question before us is whether these deposits are moneys paid into court within the meaning of the Banking Law, and, as such, entitled to a preference.

By subdivision 6 of section 186 of the Banking Law a trust company is authorized "to act under the order or appointment of any court of record as guardian, receiver or trustee of the estate of any minor, and as depository of any moneys paid into court, as provided by the Code of Civil Procedure whether

for the benefit of any such minor or other person, corporation or party," and by subdivision 11 of the same section "no such corporation shall receive funds and moneys paid or brought into court, except it be designated by the comptroller of the state of New York a depository thereof." These provisions apply, in our judgment, to moneys paid or brought into court through the order or judgment of a court of the state of New York and under the title of the Code of Civil Procedure regulating that subject. It may be that money in the hands of a receiver is in the constructive custody of the court, but it does not follow that it is money paid or brought into court within the meaning of this statute. When the Legislature provided in subdivision 6 of section 186 that a trust company might act "as depository of any moneys paid into court, as provided by the Code of Civil Procedure," it contemplated something more than authority to accept a deposit of money from a receiver appointed by a foreign tribunal. The capacity to accept deposits from such receivers was sufficiently conferred by subdivision 2 of the same section, authorizing a trust company "to receive deposits of trust moneys, securities and other personal property from any person or corporation."

Something more, we think, was contemplated; and that something is very clearly stated in the statute; it is the right to be named by an order of the court as depository of moneys brought into court under the Code of Civil Procedure. When we turn to that Code we find a title (c. 8, tit 3, secs. 743-754) which reads: "Payment of money into court, and care and disposition thereof." That title is, of course, applicable to the courts of this state only. Its sections prescribe a comprehensive system of procedure. Section 743 provides that a party bringing money into court pursuant to the court's direction is discharged thereby from all further liability to the extent of the money so paid. Section 744 provides that the comptroller shall supervise the admin-

istration of court funds. Section 745 provides that all moneys paid into court shall be paid to the county treasurer, or in the city of New York to the chamberlain.

Section 746 provides, in effect, that the county treasurer or chamberlain, on receiving the moneys, shall deposit them in such savings bank, trust company, or bank as shall be designated by the comptroller. Section 751 provides that no money placed in the custody of the court shall be surrendered without the production of a certified copy of the order of the court, the order to be countersigned by the judge by whose direction it was made. It is a payment into court under the authority of these sections which was contemplated by the Legislature when it gave capacity to trust companies to act as depositaries of moneys paid into court under the Code of Civil Procedure. That conclusion follows from the language of subdivision 6 of section 186 when read according to its natural meaning. It is enforced by subdivision 11 of the same section. "No such corporation shall receive funds and moneys paid or brought into court, except it be designated by the comptroller of the state of New York a depository thereof."

If the statute is to receive the construction placed upon it in the prevailing opinion of the Appellate Division, a trust company of this state is prohibited, unless designated by the comptroller as a depository, from opening a deposit account with a receiver appointed by the courts of another state or a foreign country. It may accept deposits from executors, trustees and guardians, but not from foreign receivers. That is a construction too unreasonable to be readily adopted. Read as part of the system prescribed by the Code of Civil Procedure for the protection of funds in the custody of our own courts, the prohibition is reasonable and harmonious. Interpreted as an interference with the right of receivers, though appointed in other jurisdictions, to make their own selection of depositaries, it is an anomalous intrusion.

We have thus far confined our consideration to the language of section 186. Stress is laid, however, by counsel for the respondents on the language of section 189:

"All moneys brought into court by order or judgment of any court of record may be deposited with any such corporation, that has been designated by the comptroller of the state of New York, as provided by the Code of Civil Procedure."

It is argued that this provision enlarges the class of depositaries defined in subdivisions 6 and 11 of section 186. We think that such was neither its effect nor its purpose. To appreciate its true meaning, we must read it in the light of the context. When section 189 is read in its entirety, it will be found to add nothing to the powers of trust companies as enumerated in earlier sections. The earlier sections define the capacity of the corporation to accept and fulfill the trusts. This section defines the power of the courts to impose the trusts. The later section thus complements the sections that precede it. We shall see this if we follow its provisions one by one. The first sentence of section 189 is the following:

"When any trust company is appointed executor in any last will or testament, the court or officer authorized to grant letters testamentary in this state shall, upon the proper application, grant letters testamentary thereon to such corporation."

This provision was not intended to confer capacity on the corporation to act as executor. That had already been conferred by subdivision 10 of section 186 which authorizes a trust company "to be appointed and to accept the appointment of executor of or trustee under the last will and testament, or administrator with or without the will annexed, of the estate of any deceased person." Section 189 rounds out and perfects the scheme by making it the duty of the court to give effect to the appointment by the grant of letters testamentary. Such a command from its nature must be addressed to the courts

of our own state only; and so, indeed, the section expressly limits it:

"The court or officer authorized to grant letters testamentary in this state shall, upon the proper application, grant letters testamentary thereon to such corporations."

The succeeding sentences of the same section are addressed in the same way to our own tribunals:

"When application is made to any court or officer having authority to grant letters of administration with the will annexed, upon the estate of any deceased person, and there is no person entitled to such letters who is qualified, competent, willing and able to accept such administration, such court or officer may at the request of any party interested in the estate, grant such letters of administration with the will annexed, to any such corporation."

This complements the grant of capacity to accept such letters which had already been made in subdivision 10. The same purpose is revealed in the sentences that follow:

"Any court or officer having authority to grant letters of guardianship of any infant, may upon the same application as is required by law for the appointment of a guardian of such infant, appoint any such corporation as guardian of the estate of such infant."

This complements the grant of capacity to act as guardian already made by subdivision 6 of section 186:

"Any court having jurisdiction to appoint a trustee, guardian, receiver or committee of the estate of a lunatic, idiot or habitual drunkard, or to make any fiduciary appointment, may appoint any such corporation to be such trustee, guardian, receiver or committee, or to act in any other fiduciary capacity."

This complements the grant of capacity to act in those relations already made by subdivisions 6, 7 and 10 of section 186. Then follows the sentence already quoted in relation to the power of the courts to appoint such corporations as depositaries. Considered as provisions affecting the power or capacity of the corporations themselves,

not a sentence of section 189 adds anything to the previous sections. Considered as commands addressed to the courts, its provisions must be held to be limited to the courts of this state. *Easton vs. Iowa*, 188 U. S. 220, 23 Sup. Ct. 288, 47 L. Ed. 452.

We pass from section 189 to section 190. It is here that we find the provision for a preference of funds held as a depositary. The opening sentence of that section again confirms the view that the statute is dealing with procedure in our own courts:

"No bond or other security, except as hereinafter provided, shall be required from any such corporation for or in respect to any trust, nor when appointed executor, administrator, guardian, trustee, receiver, committee or depositary."

Plainly this provision was not intended to control the judgment of foreign tribunals. The depositaries in view must have been those appointed by the courts of this state. As if to emphasize the distinction, we find that the bankruptcy court, before appointing the Carnegie Trust Company its own depositary, did exact another bond in addition to the security prescribed by this provision. The section then continues:

"All investments of money received by any such corporation, and by any trust company chartered by special act, prior to May eighteenth, eighteen hundred and ninety-two, in either of such characters shall be at its sole risk and for all losses of such money the capital stock, property and effects of the corporation shall be absolutely liable, unless the investments are such as the courts recognize as proper when made by an individual acting as trustee, executor, administrator, guardian, receiver, committee or depositary, or such as are permitted in and by the instrument or words creating or defining the trust. If dissolved by the Legislature or the court, or otherwise, the debts due from the corporation as such executor, administrator, guardian, trustee,

committee or depositary shall have the preference."

The depositaries contemplated by this concluding provision are the same depositaries contemplated by earlier provisions of the same section and by the provisions of sections 186 and 189. The preference does not include depositaries designated by the courts of other jurisdictions. It does not include deposit made by receivers or like officers, except where the fund has been brought into court within the meaning of chapter 8, tit. 3, of the Code of Civil Procedure. Moneys held by a receiver are in a sense in court, for they are held by the court's officer, subject to its control, but the statute limits the preference to payments brought into court under prescribed conditions. If that conclusion is at all doubtful where the receiver has been appointed by our own courts, we think it is not doubtful in any degree where the receiver represents the courts of another jurisdiction.

We do not overlook the provisions of the new banking law enacted since these cases were decided by the court below. Laws 1914, c. 369. How far they have changed the previously existing rule we need not now determine. Section 188, subd. 5, of that act provides that:

"All moneys brought into court by order or judgment of any court of record of this state, or of any other state of the United States, may be deposited with any such corporation that has been designated a depositary by the Comptroller of the State of New York, as provided by the Code of Civil Procedure."

This is accompanied by important changes in the language of other sections affecting the power of depositaries. The respondents argue that the statute as thus amended is declaratory. There is nothing to show that it was so intended. It may have expressed the belief of the Legislature that a change was necessary. Indeed, it cannot have been thought to be declaratory, for it is limited to courts of a state or of the United States. The previous statute, if construed as the respondents

would have it, extended to deposits made under the judgments of the courts of foreign countries. But even a declaratory statute cannot control the definition of rights that have accrued before its adoption. The construction of previous statutes, to the extent that they affect such rights, is the function of the courts.

The judgment of the Appellate Division in each case should be reversed, and that of the Special Term affirmed, with costs in all courts.

(107 N. E. Rep. 345.)



Place of Payment

MICHIGAN.

Presentment, Protest, Construction of Note.

Supreme Court of Michigan, Dec. 18, 1914.

FINCH V. CALKINS, ET AL.

In the absence of evidence to the contrary, a note is payable at the place where it is dated; and a note payable at the "First National Bank," is payable at the First National Bank in the place named in the date of the instrument.



ACTION by John M. Finch against Beattie W. Calkins and another, copartners doing business as Calkins & Augsbury, as indorsers on a note. Judgment for defendants, and plaintiff brings error. Reversed, and new trial granted.



STATEMENT OF FACT AND OPINION.

STEERE, J.: This case presents the single question of whether the words "the First National Bank," found in the following promissory note, designate its place of payment under the law of negotiable instruments:

"\$900. Hornell, New York, July 16th, 1909.

"On June 1st, 1913, after date, for value received, I promise to pay Calkins & Augsbury, or order, nine hundred dollars at the First National Bank, with interest at 6 per cent. per annum, interest payable annually."

Said note is signed by nine makers, and, so far as material here, indorsed on the back:

"Pay to John M. Finch, or order.

"Calkins & Augsbury."

It is sufficient to state without details that when this paper fell due it was presented for payment at the First National Bank of Hornell, N. Y., dishonored there, protested, notice of such dishonor and protest timely mailed to and received by defendants at their place of business in this state, in conformity with the prerequisites essential to establish their secondary liability as indorsers, provided the presentment and demand for payment were made at the proper place.

At the trial of this case in the circuit court, upon the conclusion of the plaintiff's testimony, counsel for defendant moved the court to direct a verdict of no cause of action and enter judgment accordingly, on the ground that it was not shown said note had been properly presented for payment and dishonored, which motion was granted and judgment entered according to such ruling.

Aside from a minor question of pleading, which we do not regard as controlling or demanding review, defendants' contention, as briefed and orally argued, is that the note was never dishonored nor notice thereof given defendants, so as to hold them liable as indorsers, because no place of payment is sufficiently specified in said instrument; and, in order to hold the indorsers, it was incumbent upon plaintiff to present said instrument, when due, and demand payment at either the usual place of business or residence of the makers, or to them whenever they could be found, or at their last known

place of business or residence, as required by the negotiable instrument law of the State of New York, which is the law governing this case, inasmuch as the note was given and is presumably payable in that state. Requirements of the New York law as to presentment are in harmony with those which almost universally obtain, and substantially the same as the negotiable instrument statute which has been adopted in many of the states. The pertinent part is as follows:

"Sec. 133. Place of Presentment. Presentment for payment is made at the proper place: 1. Where a place of payment is specified in the instrument and it is there presented. 2. Where no place of payment is specified, but the address of the person to make payment is given in the instrument and it is there presented. 3. Where no place of payment is specified and no address is given and the instrument is presented at the usual place of business or residence of the person to make payment. 4. In any other case if presented to the person to make payment wherever he can be found, or if presented at his last known place of business or residence."

It must be conceded that, if the place of payment is not specified in this instrument, plaintiff cannot recover, and we need spend no time upon the provisions relative to how presentment should be made in other cases.

Upon the trial, no evidence was introduced to supplement what appears upon the face of the instrument as to the place of payment except by the following stipulation, introduced in connection with depositions of the New York notary, who protested the note, and testified what was done in that connection:

"It is conceded that the city of Hornell is situated and located in the county of Steuben, State of New York, and that the First National Bank of Hornell is also located and situated in that city."

The note is not in terms which indicate a purpose to make it payable generally. The intent to make it payable

at a bank is clearly stated, and the name of the bank is given. The only infirmity is a failure to state distinctly in the body of the instrument where the bank is located, or what "First National Bank" is meant. The language is not ambiguous. The most to be claimed is that it is indefinite. Though a name is stated, it can well be urged that, standing alone, such name is not sufficiently definite and distinguishing, for it is a matter of common knowledge that there are many first national banks scattered throughout the country.

The primary rule of construction is to determine, not alone from a single word or phrase, but from the instrument considered as a whole, the true intent of the parties, and to interpret the meaning of a questioned word, or part, with regard to the connection in which it is used, the subject-matter, and its relation to all other parts or provisions. In the absence of anything to the contrary, a note is held to be made where it bears date; and in *Taylor vs. Snyder*, 3 Denio (N. Y.) 145, 45 Am. Dec. 457, it is said:

"Although the date of a note does not make it payable at that place, still the date may, in one respect, be very important. It raises a presumption that the maker resides there, although it is only a presumption." 3 Kent, 96, 97; *Lowery vs. Scott*, 24 Wend. (N. Y.) 358; *Galpin vs. Hard*, 3 McCord (S. C.) 394.

In *Baily vs. Birkhofer*, 123 Iowa, 59, 98 N. W. 594, where the maker of a note promised to pay the sum named at "the First National Bank," it was said:

"Where no place of payment is named in a note, it is presumed to be payable where the maker resides; and, where a bank is named, it will be presumed, in the absence of language appearing on the face of the note to the contrary, that it was at the maker's home town."

A similar question to this arose in *Hazard vs. Spencer*, 17 R. I. 561. In that case the note under consideration was dated at Providence, R. I., and made payable "at Bank." The maker resided at Bridgewater, Mass. Demand

for payment was made, when the note fell due, at a bank in Providence, R. I., and the paper protested in the customary way. An indorser thereafter denied liability because no legal presentment for payment and demand on the maker had been made. In holding he was not released from liability, the court said:

"But as the note in suit not only bears date at Providence, but is also made payable 'at bank,' we think the only fair presumption is that it was intended to be made payable at Providence, and hence that the knowledge of the holder that the maker resided elsewhere has no bearing upon the case * * * for we can conceive of no reason for the making of a note payable 'at bank' unless it be thereby intended to make it payable at some bank in the city or town where the note bears date. Moreover, the note being made payable 'at bank,' the maker was under no obligation to pay it at any other place, and hence a refusal to pay upon presentation elsewhere would be no dishonor upon which the indorser could be charged."

In this case the note was not only made payable at bank, but at a bank named, and there was a bank of the name given in the city where the note was dated.

We conclude that, by natural inference, fair construction of the instrument considered in its entirety and reasonable interpretation of the name given in the connection used, the note in question was made payable at the First National Bank of Hornell, N. Y.

The judgment is reversed, and a new trial granted.

(149 N. W. Rep. 1037.)



Amortization of Bond Income

NEW YORK.

Trusts, Wills, Income.

Supreme Court, New York, Appellate
Division First Department,
Dec. 18, 1914.

KEMP, ET AL., V. MACREADY, ET AL.

Unless a will provides to the contrary, trustees who invest the funds must, in purchasing securities at a premium, set aside a portion of the income sufficient to keep the principal intact. If the securities are part of the estate, or specifically bequeathed, the full interest should be treated as income.



ACTION by Edward Kemp, as trustee, and others, against Louisa M. K. Macready and others. From a judgment entered upon report of the referee surcharging the trustee, they appeal. Modified and affirmed.



OPINION OF THE COURT:

SCOTT, J.: I agree generally with the construction given by the learned referee to the will of William Kemp, deceased, although not without sharing in the misgivings he evidently entertained as to the validity of the seventh article. I am not, however, able to concur in the affirmance of the judgment appealed from, in so far as it surcharges the accounts of the plaintiffs and imposes a personal liability upon them for a large sum of money, which as it is found, they should have, but did not retain out of income in order to create an amortization fund to meet the depreciation in capital value of certain securities purchased by former trustees at a price above par and turned over to these plaintiffs by order of the Surrogate's Court after an accounting by said former trustees. The original investment in such securities was authorized by the will, which gave broad powers in this regard to the trustees, and such investment is not now claimed to have been improvident, as, indeed, it could not well be, after the approval thereof by the Surrogate's Court.

The will made a somewhat unusual provision for the payment of income to the testator's widow and children. He created, as the will has been con-

strued, several trusts for the benefit of each, and provided in terms the minimum income that was to be paid to each; the amount necessary to provide the minimum income to be paid over. It was not until January 2, 1909, more than a year after the commencement of this action, that the trusts thus created were able to provide even the minimum incomes designated by the testator as those to be paid to his widow and children, and up to that time the trustees retained no part of the income to create an amortization fund. They did, however, from and after January 1, 1909, commence to set aside such an amortization fund.

The question as to when and under what circumstances trustees should set apart income to make good the shrinkage in capital value of securities purchased at a premium above par has been much discussed in this state, and cannot be said to have been put at rest until the decision of the Court of Appeals in *Matter of Stevens*, 187 N. Y. 471, which was handed down in February, 1907. Prior to that time it had been held, in the *Matter of Hoyt*, 160 N. Y. 607, that the question as to how the loss, occasioned by the payment of premiums on investing the principal of a testamentary trust fund, should be borne as between the life tenant and remainderman was to be determined by ascertaining, when that could be done, the intention of the testator as expressed in the will creating the trust, *in view of the relation of the parties and surrounding circumstances*. As was justly remarked by Chief Judge Cullen in *Matter of Stevens*, *supra*, no trustee could know how to safely act under such a rule.

The rule was finally settled by the *Stevens* Case, followed by *Robertson vs. De Brulatour*, 188 N. Y. 301, that in the absence of a clear direction in the will to the contrary, where investments are made by the trustees, the principal must be maintained intact from loss by the payment of premiums on securities having only a definite term to run, while if the bonds are received

from the estate of the testator, or had been specifically bequeathed, the whole interest should be treated as income.

Both of the cases last cited, however, concede that the rule requiring the creation of an amortization fund with respect to securities purchased by the trustees will be applicable only where, as is said in the *Stevens* Case, there is "no clear direction in the will to the contrary," or, as is said in the *Robertson* Case, "when the will affords no aid upon the subject of the testator's intention." The learned referee has applied the rule in its full rigor in the present case, finding nothing in the will to indicate a different intention on the part of the testator. I think, on the contrary, that such a different intention is very clearly expressed. The direction to the executors and trustees in each case runs as follows:

"I direct my executrix and executors hereinafter named to set apart out of my estate such sum as will be sufficient to produce an annuity or annual sum (of a specified amount) over and above all taxes and charges connected therewith, * * * and to collect and receive the income thereof, and out of the net income thence arising to pay over or apply to the use of"

—the beneficiary named a definite sum which varies in amount in different cases. It is plain that the predominant purpose of the testator, so far as concerned these several trusts, was that each beneficiary should receive at least the annual income specified in each case, and the amount to be set apart as a trust fund was measured by its ability to produce such income. It seems to me that it is quite clear that it could not have been within the intention of the testator that the several sums thus provided to be paid should be reduced, except by unavoidable taxes, charges, and expenses, below the minimum fixed by him for the benefit of the remaindermen, who, to some extent, at least, will profit doubly. If the judgment herein be affirmed, in having been paid more income than they should have received, and then having the amount so paid re-

turned to the estate by the trustees individually.

Furthermore, as it seems to me, the surcharge of the trustees' accounting is very inequitable. It is a legal maxim that every man is presumed to know the law; but it frequently expresses a legal fiction, and it certainly implies unusual acumen on the part of the trustees to charge them with knowledge, before the decision of the Court of Appeals in

the Stevens Case, that the law required them, under such a will as they were engaged in administering, to cut down the annual income specifically provided for by setting up an amortization fund.

In my opinion, the judgment appealed from should be modified in the respect indicated, and, as modified, affirmed, with costs to the appellants payable out of the estate.

Mercantile Credit

(Continued from February number.)

By W. H. KNIFFIN, JR.

THE MERCANTILE CREDIT FIELD.

THE mercantile credit man labors in a field widely different from that of the bank credit man. Many of the credits granted in the day's work in a business house are so small as to require but little investigation, other than looking up in the agency reports, and the loss would be trifling; while in banking, especially in large cities, the loans are of much larger average.

A business house has the advantage of being able to adjust its prices to the risk, and may, in a measure, insure the credit by an advance in prices; but the bank man has but one price to all and this is fixed by law.

Moreover, the mercantile credit man deals largely with those in one line and can specialize, while the banker, unless he, too, specializes,—and this he should not do—must know many.

The giving of statements in mercantile credit is not so general as in banking credit, the information being obtained from other sources, although the

statement is here becoming recognized as necessary also.

Not only is the character of the credit on a less secure foundation as it gets nearer the final consumer, but the property risk is less valuable as a backbone to the structure. For instance, the accounts receivable of a wholesale house are good collateral—they have been selected; they are good liquid assets; but the accounts on the books of the village grocer are uncertain of collection, slow, and highly dangerous as credit risks. He has not selected his risks as carefully as has the man higher up. He did not know how, and could not be very strict if he did. And if he borrows he must do so from his local bank on his general reputation.



FRAUDS IN MERCANTILE CREDIT.

GREATEST frauds are possible in mercantile credit, because of the ease with which statements and accounts

may be juggled and frauds covered. This is particularly true of merchandise, where a few figures more or less are easy to make and hard to discover. The picture was recently presented in court of a prominent merchant compelling his bookkeeper to inflate the merchandise account in order to show a profit where a loss occurred. In a big concern, handling millions of dollars' worth of goods yearly, and whose stock runs into the six figures, to add a few ciphers here and there to the inventory is not difficult, and only a physical revaluation will disclose the exact state of affairs, although an expert accountant could verify an inventory to a fair degree of certainty without this lengthy process. The amount of goods on hand at the beginning of the term plus the purchases, minus the sales, must equal the present inventory; but if accurate records are not kept, or other frauds indulged in, it is not easy to detect any irregularity, as only re-inventory will accurately determine conditions.

The banker must pin some faith in the statement of condition, and cannot always require an expensive and exhaustive audit for credit purposes, and the remedy would seem to be to severely penalize false statements. The advent of the Federal Reserve Banks and the credit operations outlined in their ruling of November 2, 1914, indicate a step in the right direction; for it is the obvious purpose to require statements of all firms whose paper is offered for rediscount, attested by oath, and it will doubtless follow that certified audits will presently be required. Clearing-houses have already taken such steps as a matter of good banking policy.

The uncertainty of mercantile credit and the frauds possible in such lines have resulted in credit bureaus, connected with all the leading industries, that specialize in the credits of their own trade.

These credit bureaus have such complete reports of the men engaged in the particular line, that a detailed history of the individual may be obtained upon request. They keep close watch upon

the operations of the men in the trade, and follow up bankruptcies and assignments. For instance: the best hat manufacturers sell their product through about a dozen commission houses. These commission men work in harmony, employ an actuary to whom all orders and payments are reported. Having a record of past purchases and payments, the actuary is able to check the business operations of the trade. He will know if a merchant is buying beyond his means. Business is not spasmodic, but of slow growth, and a sudden heavy order may be the forerunner of a failure. The actuary will detect the dishonest buyer, perhaps in time to report him as undesirable. The way a man takes his discounts, cancels orders, returns goods, etc., may all be known because of the harmony in the central credit bureau.

These credit bureaus go into the moral side of a man closer than the large agencies are able to do, for they cover a special field, and can concentrate. They know the field, the various towns and cities, from their particular viewpoint. For instance, in a city like Schenectady, N. Y., employing large numbers of men, hats and men's wear in general would find a profitable field; but if a strike should occur in the General Electric works, it would soon affect every line catering to men. Thus the special credit bureau follows economic conditions, and advises its clients accordingly. Likewise a failure of crops in an agricultural section will have its effect upon certain lines.

Associations of credit men are operating local credit bureaus which check local credits, and interchange with other local credit bureaus, so that first-hand information may be had of any merchant in any town supporting a credit men's association.

In Philadelphia there are eighteen jobbing houses which handle a product of such bulk that the retailer, in order to make a profit, must purchase in his home market, as freight is practically prohibitive. These eighteen houses have an association which conducts a small mercantile agency containing the names

of all purchasers in this particular line. Each member furnishes the agency at regular intervals with a statement of the retailer's standing with him, which is in turn transmitted to the other members. In this way it is possible to keep a complete check on all houses in this line and losses from bad debts can be practically eliminated unless the jobber goes against the unfavorable experience of his associates.



BOOK ACCOUNTS AS SECURITY

BOOK accounts—open credits, dealer with dealer—are presumed to be settled at the end of the credit term, but are not rigid in their maturity as are negotiable instruments. They are sometimes settled by note, as in lumber, raw silk, etc., but generally in cash, which is obtained from the sale of single-name paper. They are frequently used as the basis of credit, by pledging with bankers, factors and “commercial bankers,” who make a business of loaning on accounts receivable. So common is this practice that many firms have their billheads printed with the notation, “This bill assigned to ——— and all payments must be made to them.” Large and important houses in New York and other cities now buy these book accounts, and make advances in part or up to the full amount, charging in proportion to the risk assumed and the amount advanced. A *del credere* commission man or factor is one who insures the credit he opens when he makes a sale of his principal's goods, and guarantees the payment of the same; for which guaranty he receives a larger fee and assumes greater risks. Some banks will loan on book accounts and others will not; but they are coming to be quite a common security. The methods of utilizing book accounts as security are two: (a) Selling outright, the buyer assuming the risk of collection, for which risk he charges his full toll. (b) Pledging the accounts as security, receiving only part of their

value, the pledgor agreeing either to turn in others to keep the margin good, or to turn all proceeds over to the lender as payments are made. It has been held recently in New York that such an operation is in violation of the banking and corporation laws which forbid other institutions than banks doing a discounting business, and such a contract of sale is void.

The factor is in some cases a firm of considerable wealth, able to maintain a large organization, and employ a highly paid credit man, and is able to borrow in the open market on single-name paper, or by banking connections obtain the credit needed to carry on the discounting operations. The selling of book accounts is liable to gross frauds, and it becomes needful that the account be confirmed over the debtor's signature to be sure that the account is not a fictitious one.

It is stated that the assignment of book accounts arose from a merchant having need of cash and no collateral to pledge, and so turned his accounts over to his banker as security for advances, and so the process started. It has grown to large proportions.



ASSIGNED ACCOUNTS A MENACE.

THE growing practice of loaning on assigned accounts constitutes a constant menace to the banker whose advances are made on the general security of the assets, particularly those described as quick. The number of corporations organized for financing in this way is constantly increasing and the ease with which credit can be obtained is a constant temptation to the small borrower to overtrade. It has also given rise to a species of fraud which, unless promptly checked, will prove very dangerous for those who make such advances.

A New York manufacturing concern with a number of subsidiaries recently went into bankruptcy and the active

official disappeared from his accustomed haunts. It soon developed that in addition to direct loans from banks he had been financing his enterprises by the sale of accounts to two large commission houses in New York City who make a specialty of cashing accounts. It is alleged that concern "A" would ship goods to "B" and pledge the invoice with the commission merchant. "B" would ship the goods to "C," make out a bill, go to the commission merchant and secure a loan on it. "C" would repeat the operation to "D" and "D" to "E" and "E" to "A" until five advances had been made on the same lot of goods. The skilled financier was later found across the Mexican border where he had gone, as he said, for his health. His illness must have had a very deteriorating effect on his memory as he was traveling under a name entirely different from the one by which he was known in New York. Pledging accounts may serve a useful purpose with certain classes of merchants who can thus obtain funds to discount their bills when their bank credit is not sufficiently good for single-name accommodation. The discounts, however, must be very substantial as the estimated cost of this method of borrowing is from seventeen to thirty-six per cent. Where it is indulged in the banking of the borrower should all be done with the institution making such advances and his financial affairs should at all times be the subject of the closest scrutiny.*



DATING AHEAD.

THE dating ahead principle arose from the necessities of manufacture. In such lines as staples, small stocks may be carried and bought as required; while in fashionable goods, they must be made to order and to suit the tastes of the buyer. Thus in a line such

as ladies garments, samples are made up and taken out to the retailers for inspection, and orders taken months in advance of the season. Orders for spring goods are taken in the fall, and vice versa. As soon as the goods are made up they are delivered as per agreement, the invoice to be dated ahead. For instance, the goods would be delivered for the spring trade in January, the invoice to be dated as of March 1st, and the terms of credit would run from that time. Thus a department store may have a sale of furs in August, agreeing that no payments are to be made until November 1. It must either carry the credit itself, or pass it back to the fur manufacturer. This it does by having the invoices dated as of November 1, the term of credit running from that time, and it will meet its bills as the customers meet theirs. The manufacturer may in turn sell his book account.

In dating ahead the buyer is not only entitled to the cash discount, but to interest on the unexpired term. For instance, a bill of goods is delivered on February 1. The dating is March 1, 2/10 net 30, and the bill becomes due March 31. If it is paid any time before March 10, the discount follows. But if paid, let us say, February 15, not only would the two per cent. be deducted, but interest at the legal rate for the unexpired time of the credit.

Department stores frequently agree to date bills ahead to attract trade and to avoid holiday rushes. Thus purchases made in October may be dated as of December 1, bringing the maturity of the bill over into the new year.

The second form of mercantile credit is the promissory note, which needs no comment. It may be single name or two name, but it is a promissory note whatever the form. There is also the bill of exchange by which the seller draws on the buyer, as in grain and other basic products, raw material moving as a rule on draft with bill of lading. There will come to be shortly, as now obtains quite generally in Europe, the acceptance credit, whereby the buyer accepts the bill of exchange and thereby agrees to

* F. B. Snyder, Asst. Cashier First Nat. Bank, Philadelphia, before Philadelphia Chapter A. I. B.

pay it at maturity, the instrument going into the money market as an "acceptance," and settling the book account as the promissory note now does in this country.



THE MERCANTILE STATEMENT.

THE property of a mercantile dealer can be correctly ascertained only from his statement, and this is coming to be the focal point of all credit operations. Not what the man *says* he is worth; not what he *seems* to be worth; not what his bank *thinks* he is worth; but what he *is* worth as tested by an audit made by an independent party who knows how, and does it with full knowledge of accounting principles.

No man can go into a store and look around, and say: "This man is good for a thousand dollars' credit." The goods may be on consignment, or mortgaged, the book accounts large, the bank account empty, the merchant's house mortgaged to the limit, his garage bill unpaid, his tailor's bill a year overdue; and unless the property is set forth in cold figures, no man living can judge the risk advisedly. Moreover, the merchant must be required to keep books. He must know what comes in; what goes out; if he gets his pay, and from whom; what his profits ought to be, and what they are; how much his sales are, and what the cost of selling. Guesswork will not do.

The average merchant guesses at his selling price. The cost plus the freight plus what he thinks he ought to get, means his selling price, irrespective of other conditions. Competition often sets the price, and the merchant paying high rent must compete with the one paying a low rent; likewise standardized goods must be sold at fixed prices irrespective of the cost of handling.

A drug store on Sixth Avenue, New York, can afford to sell a proprietary article cheaper than one on Fifth Avenue. It may do more business at less expense and can afford to take close

profits; while the other has high rent and other expenses in proportion.

The average merchant knows nothing about his turn of stock. He is satisfied to keep it up, make a living, pay his bills, but cares not for the process by which the results are achieved. Increased sales do not always mean increased profits unless the same volume can be handled at the same cost.



THE ENORMOUS COST OF RETAIL SELLING.

ALL well-managed concerns analyze their business. Department stores do so for each department, carefully analyzing prices, mark-ups and mark-downs, sales, discounts, and expenses. Conditions vary so greatly that one merchant cannot guide himself by the experiences of another. One may pay a rent of \$50,000 and the other but half that sum, and both sell to the same trade. Three stores are mentioned as selling approximately \$1,500,000 yearly, one paying \$65,000 rent in Indiana, one \$45,000 in New York, and one \$30,000 in Ohio. One pays ten times more for insurance than does the other. Obviously their selling prices for the same article will vary.

One store will consider a gross profit of thirty-three per cent. ample, while others will be satisfied with less. The mark-ups range from twenty to fifty per cent., depending upon the department, but the average is from thirty to thirty-three per cent.

When you go into a department store and select a pair of gloves and leave your address, and expect to find them when you arrive home for dinner, you give little thought to the cost of placing those gloves in your possession. You have become so accustomed to service, quick, efficient and accurate, and to include the little things of life, that you take it as a matter of course.

Without much argument it must be apparent that to conduct a large establishment, with thousands of clerks, expen-

sive rent, quick and extensive deliveries, is costly. And every purchase must bear its proportion of that cost; and the consumer pays. The cost of the article is but a part of its selling price. The shopper comes into contact with a salesperson, and forgets the vast army of employees out of sight, but no less necessary to the smooth working of the machinery. There must be the buying force, the stock force, the selling force, the credit force, the accounting force, the delivery force, and the supervising and executive force. And your pair of gloves must pay something to each.

The cost of doing business has increased so fast of late years that it is officially stated that large concerns are satisfied to make as net profit their cash discounts.

In a pamphlet issued by Ernst and Ernst, Certified Public Accountants, New York, the pair of gloves referred to are thus analyzed to show the distribution of cost of sale.*

Cost of the Sale of Pair of \$1.50 Gloves.

.6667%	—Manufacturer's price..	\$1.00
.0067%	—Freight, Etc.....	.01
.08%	—Salesperson .....	.12
.02%	—Rent .....	.03
.0067%	—Insurance and taxes..	.01
.02%	—Advertising .....	.03
.0533%	—Office expense .....	.08
.0666%	—General store expense	.10
.04%	—Delivery expense .....	.06
		<hr/>
		\$1.44
.04%	—Profit .....	.06
		<hr/>
100.00%		\$1.50



HOW TO FIGURE THE TURNOVER.

WHILE the final net profit of retail dry goods stores is small, this is often offset by a large volume of sales as compared with the average amount of merchandise on hand throughout the year. This is what is known as the "turnover," and the thing all merchants are striving to make as

high as possible. A high turnover indicates that the stock is moving well and that good judgment is being used in buying and selling, while a low turnover shows the stock is not selling properly and that obsolete stock may be accumulating.

The amount of turnover of course varies with different departments in the same store and with different stores, depending on their location with respect to the source of supply.

Merchandise subject to change in styles is turned over much more often than staples. For example, millinery and ladies' ready-to-wear clothing are usually turned from six to ten times per year, while carpets, linens, dress goods, etc., are commonly turned only two or three times.

The correct method of computing the turnover is an important matter and is often improperly determined by many merchants. The proper way to do this is to divide the average monthly stock at retail into the sales at retail or, what is virtually the same thing, by dividing the average stock at cost into the sales at cost. Some merchants incorrectly divide the stock at retail as taken at inventory periods into sales at retail or, what is worse, divide the stock at cost at inventory periods into sales at retail. This latter method would give a turnover at least fifty per cent. more than the real turnover.*

The following on the subject of turnover is well worth quoting.†

"My judgment of the great importance of the turn of stock and the lack of appreciation by the merchant is such that I desire to make my point as impressive as possible and I will give you a few illustrations. Now, you who are not merchants would be surprised how few merchants realize the importance of this turn of stock and it is so simple that I know you will agree with me that it is really the A B C of business. Take

* Ernst & Ernst, official auditors and systematizers, the National Retail Dry Goods Ass'n., in the New York Times.

† E. M. Skinner of Wilson Bros., Chicago, before Chicago Chapter A. I. B.

* New York Times, April 6, 1914.

an illustration which I have sometimes given to the college boys:

"A young man had \$5,000 and wanted to go into the men's furnishing business. He came to me for advice, and I said: 'You take \$2,500 of that \$5,000 and bury it in the ground, then take \$2,500 and buy goods.' Now, it is very clear that the \$2,500 in the ground is inactive. In other words that \$2,500 invested in goods has got to be active for both. He is worth \$5,000, \$2,500 of which is dead, inactive, does not move. The \$2,500 of active new salable goods is doing the work for the \$5,000.

"Take the United Cigar Stores. I have used this illustration a great many times and I have not as yet received any letters from the United Cigar Stores putting me on the payroll and I never talked with any of their officials to know if this is their system.

"I have been in the habit of going into the store near our establishment and buying a certain cigar. Well, just assume for the sake of argument that I buy

twenty-five of this cigar once every two weeks. That would be twenty-six boxes of cigars I would buy of this store every year. Now, the clerk always brought down three boxes of cigars of this particular brand. I said to him one day, 'Is this your entire stock of this cigar?' He said, 'Yes, sir.' That is the best illustration I can give you. Here is one store that sells one customer twenty-six boxes a year. In other words, they turn the stock of that one cigar over eight times a year. Now, you know what that means. It means that on every dollar invested in that cigar they make eight profits, because they turn it eight times. As I say, I don't know, but I am positive this is their system. The sale of that box of cigars goes down on a sale-sheet and I will bet you that their sale-sheet of to-day is their order-sheet of to-morrow morning, and when that great truck comes around in the morning they bring in that box of cigars and it is put in there with the other two remaining."

(To be continued.)

The Banker and the Farmer

FOR several years the American Bankers' Association has labored earnestly for the betterment of agricultural and rural life, and has urged its members to take an active part in promoting better and more productive farming in their various localities. The Agricultural Commission of the Association, through its monthly magazine, "The Banker-Farmer," has pleaded in season and out for better farms, better crops and better homes, and has stoutly maintained that these results could best be attained by co-op-

eration between bankers and farmers in organized work.

The most modern method of advancing agriculture and making it more profitable and productive is through the county organization, with a crop adviser at its head. By this means the most scientific methods of meeting the varied problems of the farm are brought direct to the farmer. How valuable this work may be to a county, and at the same time how successful this work can be made with a banker as the moving spirit in the organization, are well exempli-

fied in the results shown in one county in Iowa where this plan has been in operation for something over two years.

Scott County is one of the richest and most productive counties in that marvelous agricultural State. Land sells from \$125 to \$300 per acre, and in addition to such staples as corn, barley and live stock, there is a large acreage of small fruits, potatoes and onions which yield a gross return of from two hundred to seven hundred dollars per acre. It is not a backward county, and it seemed like a fairly good-sized job to make its fertile acres produce still larger returns. We shall see how they have succeeded in this.

Two years ago last fall the Scott County Farm League was organized, under the leadership of A. F. Dawson, president of the First National Bank of Davenport. Mr. Dawson, who had been in Congress and was familiar with the Government's results along these lines, took hold of the work with energy and enthusiasm. The organization employed G. R. Bliss, an expert, as county adviser, and started ahead. It encountered much opposition. Many farmers scoffed at the idea that a graduate of an agricultural college could teach them anything about farming. Others condemned it as a scheme to increase production and thereby reduce prices. Still other objections, some of them more or less fantastic, were leveled at the movement. But the leaders persevered and slowly the co-operation of more and more of the progressive farmers of the county was secured.

The larger problems of this particular county were carefully studied out, and then the organization set about to apply the remedies. To increase the yield of corn an extensive campaign was conducted for early selection and careful testing of seed. For the same results with oats and barley, dozens of meetings were held to preach the importance of treating the seed to prevent smut. Farmers were urged to build silos, to plant alfalfa, and to give their hogs the serum treatment to prevent cholera. How well they have succeeded is best shown by a

recent report made by Mr. Dawson, in which he presented the following table, compiled from careful records, showing the net cash value to the county in two years from increased crops and animals saved as the result of this organized work:

Kind of Work.	1913.	1914.
Alfalfa	\$ 3,500	\$ 13,000
Corn	17,000	13,000
Oats	14,600	28,500
Silos	6,000	8,400
Hogs saved	142,800	163,700
Totals	\$183,900	\$326,600
Total for 2 years.....		\$410,500

These, he declared, are net increases. The acreage of alfalfa in the county was increased in two years from 146 to 1,086. The increased cash value was figured on actual production, and the above figures are for the value of the crop above timothy and clover.

The increase in corn is computed from the records of early gathering and testing of seed. Scott County farmers were well in the lead on proper selection and testing of seed corn before the organized work began, but it has greatly increased in the past two years. In 1912, 43,000 acres were planted with such seed out of a total of 75,000 acres. This increased to 60,000 acres in 1913 and 56,000 acres in 1914. The State authorities estimate five bushels per acre as the increased yield from such planting, but to be conservative the figures in this table are based on an increased yield of only two bushels per acre, valued at fifty cents per bushel.

The gain in oats is the result of the campaigns for the treatment of seed for smut, and the increased yields are taken from careful returns received. In 1912 but 1,100 acres of oats were sown with treated seed, while in 1913 it had increased to 4,400 acres, and in 1914 it was 11,220 acres.

The figures on silos are based on an estimated annual profit of \$200 per silo for new silos erected.

The results of organized work in coping with hog cholera have been most unusual. Before the county was organ-

ized, declared Mr. Dawson, there were not five farmers in the county who believed in the serum treatment for cholera. The league conducted experiments which demonstrated its efficacy beyond question, and those results were presented to the institute in January, 1913. As a result, 17,420 hogs were treated in 1913, of which 14,284 (or eighty-two per cent.) were saved. In 1914, 18,611 hogs were treated, of which 16,377 (or eighty-eight per cent.) were saved. The value of the swine thus saved is placed at \$10 per head, which is surely a conservative estimate.



OTHER BENEFITS.

CONTINUING his review of the work of the past two years, President Dawson said:

"If to this splendid total of over \$400,000 we could compute and add the direct cash value of other activities of this organized work, the sum would be considerably larger. We have no accurate data to show how much the farmers have profited by the work of urging the treatment of seed barley for smut, or of potatoes for scab, in the spraying of orchards, and the varied experiments conducted on the experimental farm.

"There are other results which cannot be measured in dollars and cents, and are perhaps more valuable than any yet mentioned. What of the spelling contest in each township, with the climax at the county institute? What of the township school picnics, with the pupils from each district competing in friendly rivalry for the pennant for the best exhibit of their handiwork? What of the prize-winning exhibit made last year at the State Fair, which proclaimed far and wide the leadership of Scott county? What of the help in assisting to organize two new institutes, and aiding literary societies, county picnics, colt shows and other interesting features?

"How much is it worth to Scott county to have a tireless worker like G. R. Bliss devoting all his time and

energy to the farmers' interests? During the past two years he has visited more than 2,000 farms and received more than 1,200 visitors at his office; sent out over 54,000 letters and bulletins, and made 356 addresses to a total of over 50,000 people.

"And back of him has been an organization which has enabled him to buy \$33,500 worth of serum and sell it to the farmers at cost; to market a carload of Scott county clover seed to advantage; to conduct a most useful farm tour; to secure an extensive State soil station in this county; to obtain Government assistance in a campaign to completely stamp out hog cholera; to protect the farmers from frauds and humbugs of one kind and another, and a thousand other services which cannot be enumerated here.

"The value of an organization was strikingly shown in the recent quarantine for foot and mouth disease. If we had been unorganized it would not have been possible to act in this emergency with such promptness and effectiveness, and Scott county might still be struggling vainly to escape the vexation and losses which some neighboring counties are still suffering."

This work has been carried on at annual expense of from \$3,500 to \$4,000. Of this amount, the Federal Government pays \$1,200, the business men of the county contribute a like sum, and the remainder is subscribed by the farmers of the county. With a net profit in two years amounting to one hundred times the annual cost, the investment may be regarded as a most desirable one.



Overdrafts Prohibited

THE Comptroller of the Currency has written to national banks requesting that they adopt a resolution directing that no officer or employee shall pay or charge to the account of any depositor any check of such depositor when there are not sufficient funds on deposit to the credit of the drawer of the check to meet the same.

Banking Publicity

Conducted by

T. D. MacGREGOR

A Real Advertising Department

Some Spokane Bank Publicity and Thoughts Stimulated by It

AS we have said more than once in this department, the Union Trust and Savings Bank and the Old National Bank, of Spokane, are among the best advertised institutions in the country.

Carl W. Art, publicity manager of these affiliated institutions, has been kind enough to send us another assortment of advertising matter from these banks.

The holiday number of "The Marble Bank Monthly" was issued with a January date and contained a lot of timely matter. One of the best features was a double-page cartoon specially drawn by Cartoonist Morris. It was entitled "A Tale of Two Widows" and showed the difference between the results of appointing an inexperienced friend as executor and appointing a strong trust company in that capacity. The same cartoons and article were reproduced in a little folder and used as an enclosure with local letters.

To emphasize their need of safe-deposit service in safeguarding funds taken in after banking hours, the following letter was sent during the holidays to several hundred business houses:

The safety of the money you take in after banking hours is of considerable moment to you. In the light of criminal depredations so frequent at this season, you probably have wondered whether your safe gives you adequate protection. Wouldn't it be worth a few cents a week to have this problem solved satisfactorily?

That is all it costs to rent your own private safe in our round-door safe deposit vault—a low rental rate which is only made possible by the "community plan" of dividing among many users the cost of operating expensive up-to-date vault equipment.

You may have access to your box in this vault any business day from 8 a. m. to 6 p. m., and also Saturday evenings from 6 to 8. Our customers' coupon rooms you will find just as private as your own office—possibly even more so.

We cordially invite you to drop in and look over our equipment when next you pass the Marble Building. Such a call will not obligate you in any way, and we believe you will find it interesting to inspect our safe deposit vault at close range and to learn something of the special safeguards thrown about the conduct of this department for the protection of its clients.

Very truly yours,
Vice-president.

P. S.—To accommodate the patrons of our safe deposit vault, this department of the bank will be open as usual on Saturday, December 26th, from 8 a. m. to 8 p. m., as it is our custom to keep the vault open every business day of the year, excepting only the principal holidays.

These banks make good use of the new poster-stamp advertising idea. On one of them appears a fine colored view of The Old National Bank's building.

The following letter was sent to a list of women over the signature of D. W. Twohy, president of The Old National Bank.

Dear Madam:

The idea that there is a certain degree of mystery connected with banking, and that it is hedged about with technicalities, probably keeps many women from enjoying the advantages of a personal checking account.

If, in the past, you have hesitated about opening an account with the Old National for some such reason, we urge you to read carefully the little booklet enclosed. It will explain to you how simple it all is.

Checks save bother, steps and time. They eliminate the dangers surrounding cash—such as theft, loss in the mails and damage by fire. They systematize one's expenditures and automatically become receipts for every dollar spent.

Your checking account will be welcome at the Old National—where you will find every convenience has been provided for the comfort and accommodation of women patrons.

Mr. Art wrote:

With the thought that we ought to emphasize the advantages of stopping off at Spokane in 1915, and that we should invite all Easterners with whom we correspond to do so, our publicity department has prepared the following paragraphs to suggest how this invitation can be incorporated in our business letters going back East:

1. It is not too early to begin planning your western trip next summer, and I want to urge you to include Spokane in your itinerary. With the new \$2,000,000 Davenport Hotel to accommodate you, and a wealth of beautiful lake and mountain scenery to give you pleasure and entertainment, I am sure you will consider yourself well repaid for a stop-over here for a few days before going on to the coast:

2. I also want to invite you to stop off in our beautiful city when you come to the San Francisco Exposition next summer. It is a convenient place to stop over—being on the main line of seven trans-continental railways—and its picturesque mountain scenery and excellent hotel accommodations will combine to make your stay thoroughly enjoyable.

3. Before closing, permit us to urge you to stop off at Spokane on your way to the San Francisco Fair next summer. Not only is Spokane the thriving metropolis of a vast region rich in agricultural and natural resources, but from a scenic standpoint it will be worth your while to spend a few days here before going on to the coast. Buy your ticket via Spokane.

4. It is not too early to speak of the San Francisco Fair in 1915 and to urge all those making the western tour to stop off at beautiful Spokane—the hub and center of a vast empire comprising approximately 150,000 square miles of virgin country, farm land, orchards, forests, mountains and lakes, the scenic beauty and picturesqueness of which combine to make a stop-over here worth any man's while.

5. We now want to remind you that your trip to the San Francisco Exposition next summer would be incomplete if you did not visit Spokane—where climate, beautiful mountain scenery and the best of hotel accommodations will insure an enjoyable stop-over. Buy your ticket via Spokane.

In conclusion, we want to say that it is this thorough-going spirit, this making the advertising department of a bank a real department, that will make a bank's advertising successful if anything will. And big banks are coming more and more to realize it, as witness the Security Trust and Savings Bank of Los Angeles, appointing as advertising manager a man of the calibre of E. G. McWilliam, former secretary of the Savings Bank Section of the American Bankers Association.



Selling Investments

How Some Banks Advertise to do This

THE Chattanooga Savings Bank sells first mortgage real estate bonds and advertises them in a good booklet entitled, "Safe Investments and Where to Find Them," which it sends out with this letter:

Dear Sir:—

Did you ever have a proposition to invest in a citrus grove in the tropics, or a gold mine in Alaska, or the latest invention or discovery that is sure to turn out just like Coca-Cola, Ford Automobiles or Wrigley's Spearmint? Did you?

Sure you have, without number. You have also had, no doubt, a number of propositions that bordered on speculation because the rate of return offered was a bit too high to belong to the realm of investing; propositions that lacked the prime requisite of safety.

Now every one is not endowed with the ability to distinguish that fine line that runs along between investment and speculation. We are satisfied that you are—that's why we are writing you this letter.

The business of making investments is reduced to an exact science, and every one who buys the investments we offer gets the benefit of equipment built upon years of experience and maintained at considerable expense, yet it costs them nothing. That is only one of the reasons why we have sold twenty-five to thirty million dollars of our first mortgage real estate loans, having now outstanding between five and six million dollars; and the other reason is, not an investor has ever lost a cent.

Not only for your own use do we pre-

sent this service, but we are confident that you have friends who sometimes consult you upon this subject.

Will you not take a few minutes' time to read the enclosed booklet? It sets forth some of the salient features of good investments, and we shall be pleased to discuss the matter further with you if we may.

Yours very truly,

How two other banks have gotten into the investment field is explained in the subjoined letter which we have received from the Mahin Advertising Company:

Gentlemen —

We believe you and your readers will be interested to know that the campaign which we started in 1913 for the Pioneer Trust and Savings Bank of Basin, Wyo., using 10 and 14-line advertisements in leading magazines, with some few classified advertisements in leading metropolitan newspapers, has proved highly successful in securing deposits for that bank.

We have just inaugurated a similar campaign for the Bank of Whigham, of Whigham, Ga. This bank also happens to be located so that it can pay six per cent. on deposits, where such deposits are placed on six months' certificate of deposit.

We are enclosing herewith a booklet we have prepared for the Bank of Whigham, which we would be glad to send with our compliments to any readers of your publication. We also enclose a proof of the advertisement, which is running in the "Review of Reviews," "Leslie's Weekly," and other leading magazines, together with a few classified metropolitan daily mediums.

We have worked this plan out so thoroughly that a small bank located in a locality where it has a rich farming community and where there is less money to be loaned than is needed for legitimate developments can secure deposits on a profitable basis from outside States on an expenditure of from \$100 to \$200 per month.

We have found, however, from our experience and as the result of a thorough analysis that such work should never be attempted unless it is with the distinct understanding that the campaign be carried on for a period of at least three years without interruption.

In the first place, it requires some little time to educate depositors about the productiveness of any given locality with which they are not familiar. It takes further time to build up confidence in the officers and directors of banks located in a community where the capital and deposits necessarily are small.

H. A. GROTH,
Secretary and Treasurer.

About a House Organ

A Portsmouth, N. H. Bank Gets a Write-up from Local Paper

ONE of the most interesting and instructive publications which has come to the attention of the "Times" recently is the "Thrift Magazine," published by the Portsmouth Trust and Guarantee Company. Its primary object, as may be understood by the title, is to teach habits of saving and thrift. It is especially valuable to the younger generation, but older persons will find on its pages much that will be helpful to those who feel it their duty to provide something for that proverbial "rainy day" which is almost certain to come to all of us in time. Among some of the leading articles in the current January number are "Owning vs. Renting," "A Bookkeeper's Story," "Are You the Twentieth Man?" "How to Build a Bank Account in 1915," "Teach Your Dollars to Have Cents," each of which is written in a pleasant vein and is full of meat. The "Thrift Magazine" is not for sale, but anybody interested may obtain a copy by applying at the bank between 9 and 2 or a postal request addressed to The Portsmouth Trust and Guarantee Company, Portsmouth, N. H., will bring a copy by return mail, postpaid.—*Portsmouth (N. H.) Times.*



Advertising Criticism

Comments on Some Advertisements Submitted

A NUMBER of bank advertisements were recently submitted for criticism. With a view to helping others, we reproduce parts of the advertisements and comments thereon, omitting names.

THE BURGLARS KNOW.

It is the criminal business of the burglar to know the homes in which jewelry is exposed. What is to prevent such knowledge?

ical. As a matter of fact burglars do not frequent safe-deposit vaults to watch what is put in them. Nor do they follow householders around in daytime to see whether they go to safe-deposit vaults.



THE DIFFERENCE IN PEOPLE.

Here is a family which lives better, dresses better, and gets more out of life than their neighbors just across the hedge. Yet the second family makes more and spends more than the first.

The first family spends *scientifically*. Every dollar brings a dollar's sound value. Waste is methodically eliminated. To such person a savings account with The ——— means no hardship whatever. On which side of the hedge do you live?

This ad. is all right, but over the head of the dinner-pail man who wouldn't quite know how to go about "spending scientifically" or how to "methodically eliminate" waste.



THE PAGES OF OUR BOOK.

Behind The ——— is a record of which any man or bank might well be proud.

Every page is filled with progress, service and protection. There is not one blot. Honesty in dealing, clearness in seeing and efficiency in doing have distinguished this bank and the men who are its directors.

We think this ad. is a little too boastful. "The Pages of Our Book" is too figurative to be understood by the individual who goes into a bank and sees scores of books. We don't like braggish ads. We prefer those that breathe the spirit of helpfulness to beginners in business. That is the kind of copy needed most by commercial banks. Self-praise gets only a little way—It doesn't get over.



THE BUSINESS MAN.

The practical business man demands of a bank supreme protection—absolute safety. Such protection The ——— affords. Its capital and surplus stand as a redoubtable fortress against all vicissitudes. Its record is its proof of prudence and integrity. The magnitude of its patron list is a most convincing testimony to the spirit of helpfulness and co-operation which controls the institution.

There is a growing tendency among

The undersigned members of the St. Paul Clearing House Association join in extending to the citizens of St. Paul and the Northwest hearty

Greetings for the New Year

The year just closed has been, in many respects, a trying one, and yet our city and section have been the brightest spot on the map. Favored by an all-wise Providence, and with a feeling of mutual confidence existing between the people and the banks, we have made the most of conditions and the City of St. Paul has halted not for a moment in its onward progress.

Nothing but a feeling of optimism exists for the year 1915. The strength that has borne us up during trying times will carry us forward sturdily to the fulfillment of the larger hopes we have for the future.

St. Paul will do all that is expected of it. With the continued co-operation between its banks and its loyal citizenship the year 1915 will be one of achievement and success.

Command us for our share in making for a greater and better St. Paul.

FIRST NATIONAL BANK

MERCHANTS NATIONAL BANK

CAPITAL NATIONAL BANK

CAPITAL TRUST COMPANY

AMERICAN NATIONAL BANK

(Northern Savings Bank)

PEOPLES BANK OF ST. PAUL

NATIONAL BANK OF COMMERCE

SCANDINAVIAN AMERICAN BANK

bankers to assume a little more modest attitude than would be implied by the use of such an advertisement as this. Few banks can claim that their capital and surplus stand as a "redoubtable fortress against all vicissitudes." As a matter of fact, banks with large capital sometimes do fail. Capital and surplus won't save any bank from the penalties of mismanagement. Therefore the ad. is weak in logic, though there is thought here for a good ad. Put emphasis on a conscientious endeavor to observe the rule "Safety First."



THE FARMER'S PROFIT RECORD.

What shows you the biggest profit? You ought to know with absolute accuracy. Against everything you produce—grain, cattle, fruit or hay—you should charge *every item of its cost, including labor.* Then credit it with the cash value of what it produces. This is the only way in which you can know where you make money.

Come to the ——— and let us show you how much a checking account can help you keep a business-like cost system.

We are afraid the writer of this ad. never walked on "Main Street" when the farmers' teams were lined up. The majority of farmers don't know what it means to have a cost system. This would be especially true where the farmer population is mostly foreign. There this ad. would fall on stony ground.

Also it is a big contract for the cashier to offer to show how to apply a checking account to a cost system.



A LAW FOR THE FARMER.

You know, of course, that a new Currency Law has been enacted—a law which is particularly well adapted to the needs of the farmer. By its provisions a large fund of money is made available, upon a loan basis, through the ——— and other banks of the National Reserve Association.

But this law is surrounded by definite conditions. If you are not thoroughly acquainted with its terms, come in and let us explain. It may be to your great advantage.

Not sufficient point to the ad. It simply invites farmers to call for information about the law, and is a challenge for an argument on the part of the fellow who is "agin" banks and "agin" the Government. It doesn't give Farmer Jones a *reason why* he should deposit with the bank. It's true it does intimate that there's more money available for loans. Why not use this as a basis for an argument why the farmer should get on a loan footing with the bank?



Is This Unanimous

AN Iowa client of the editor of this department writes:

When you refer to what the Federal Reserve Banks are going to do for member banks and business in general, you emphasize too strongly that inasmuch as banks can rediscount paper with the Federal Reserve Banks that there will be much more credit. You have the wrong idea. It is my opinion that if a bank has paper rediscounted with the Federal Reserve Bank the year around that the officers of the Federal Reserve Bank will start an investigation and ascertain why said bank is rediscounting paper the year around instead of at a certain season of the year when funds are needed in that particular locality.

We never need to solicit borrowing customers. A bank can always without any difficulty loan its deposits without advertising that they have money to loan. No bank cares to advertise to loan, and it does not benefit a bank to advertise that it is a depository for public funds of any kind.

This is one banker's opinion and doubtless there is a lot of truth in it, though we know of many banks that do advertise their loaning facilities (especially for the benefit of farmers) and not a few seem to think that it adds prestige in some quarters to call attention to the fact that the institution is a depository for Government and other public funds.

We would be glad to hear from other bankers on these points.

How Banks Are Advertising

Note and Comment on Current
Financial Advertising

MUCH interest was aroused in Toledo by the Guardian Trust and Savings Bank's window exhibits of Toledo-made goods. The bank advertises:

The makers of these goods deserve credit for their attractive displays. If you have not been watching our windows you have missed some very interesting exhibits.

The windows are changed every week. Get the habit of looking for the new displays. It will be good for all of us to know more about Toledo goods and to patronize Toledo factories and Toledo stores.



It is becoming quite common now to see signs hung up in the offices or windows of national banks reading:

**MEMBER FEDERAL RESERVE
ASSOCIATION.**

The Peoples National Bank of Barre, Vt., said in a newspaper advertisement:

The uniting of the 7,500 national banks of the United States under the Federal Reserve Act further illustrates the national slogan that "In union there is strength." All those who do a banking business are invited to secure the protection afforded by the United States Government by becoming depositors in the People's National Bank.



Upon becoming a national bank, the Lake County National Bank of Madison, S. D., John W. Wadden, president, got out a "Safety First" booklet explaining the new law in simple terms.



A wonderful panoramic view of the southern and eastern portions of Lead, S. D., with a part of the Homestake works, is being sent out on a 33-inch colored post-card by the First National Bank of that city. The same book also issues some good leaflets, one of which is entitled, "A Few Suggestions Regarding Saving."



THE OLD COLONY TRUST CO. OF BOSTON PRINTS THIS CUT OF A NEW AND UNIQUE
CALENDAR ON THE MONTHLY STATEMENT ENVELOPES, THUS SAVING THE
EXPENSE OF DISTRIBUTION, AS MOST OF THE DEPOSITORS ASK FOR
THE CALENDAR WHEN THEY GET THEIR STATEMENT

START A SAVINGS ACCOUNT

With **REGAN'S BREAD** Coupons



The New Home of
THE FIRST NATIONAL BANK
Minneapolis' Oldest Bank
Established in the days of Lincoln
Deposit Regan's Savings Coupons
in this Bank

Regan's Savings Coupons Will Be Accepted at the Bank

Most people intend to start a savings account for each member of the family.

Perhaps you have let this good resolution go from year to year.

A savings account, next to the bread you eat, means more to your family than any other one thing. Therefore Regan Brothers, the leading bakers of the Northwest, offer you this unusual opportunity as a New Year's gift.

It is not a gift for just one day.

Beginning January 1st, 1915, you can take advantage of this opportunity every day on all July 1st, 1915.

With every loaf of Regan's "HOLSUM" and "BIG BUTTER-NUT" bread baked in double loaves of unsurpassed quality you will receive a savings coupon good for five cents.

When you deposit your 10 savings coupons and 50 cents the First National Bank of Minneapolis will open a savings account and put \$1.00 on the books to your credit.

This opportunity is open to everyone.

Bank coupons carry to you our best wish as for a best Happy and Prosperous New Year.

BY AN ARRANGEMENT WITH THE FIRST NATIONAL BANK OF MINNEAPOLIS WE MAKE IT EASY FOR YOU TO START A SAVINGS ACCOUNT

Commencing today, January 1st, 1915, and continuing until the morning of July 1st, 1915, we will wrap with every 10-cent loaf of Regan's "Holsum" and "Big Butter-Nut" Bread

A SAVINGS COUPON

For 10 of Regan's Savings Coupons and 50 cents the First National Bank will open a savings account and put \$1.00 to your credit.

With each loaf of "Holsum" and "Big Butter-Nut" Bread costing 10 cents you will receive a 5-cent Savings Coupon.

This is the most extraordinary announcement that we have made during the 32 years we have been in the baking business in Minneapolis.

At last "you can eat your cake and have it"—you can eat Regan's bread and save half the price.

Every person in the Northwest should be interested in this offer.

This is our present to you for the New Year

Regan Bros



REGAN'S BREAD BAKERY
The Home of
"Holsum" and "Big Butter Nut" Bread
Over a million loaves were made
here last year.

You Always Save Money By Buying Regan's Bread

During 1914 we baked over ten million (10,000,000) loaves of bread and thousands and thousands of loaves of Regan's toast, doughnuts, cookies and cakes.

Each year more and more thrifty women of the Northwest find that the service of this bakery is a great saving to them.

We want to increase our business in 1915 and are ready to share our profit with those who are really anxious to save.

That is why we are making this unusual New Year's offer.

Regan's "HOLSUM" bread is a double loaf (wrapped), that sells for 10 cents, and is baked by a special process which we own here.

People who think home made bread has a particular flavor all its own have found that Regan's "HOLSUM" bread is the baker's bread they have been looking for.

Regan's "BUTTER-NUT" bread is a delicious double loaf, wrapped in waxed paper.

Both "BUTTER-NUT" and "HOLSUM" bread are baked under the most careful sanitary conditions. These two kinds of bread will suit the most particular. There is a choice to suit any taste.

We trust you will decide to start the New Year right by getting these coupons and opening a savings account.

FIRST NATIONAL BANK

MINNEAPOLIS, MINNESOTA

Minneapolis, Minn.

January 1, 1915

Dear Sirs,

We have just received your letter.

We are glad to hear that you are interested in our offer.

We will be glad to open a savings account for you.

We will be glad to open a savings account for you.

We will be glad to open a savings account for you.

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We will be glad to open a savings account for you.

Buy the Big Bread, Carefully Baked at the Big Bakery, and Save Half the Price at the Big Bank

REGAN BROTHERS MINNEAPOLIS

Regan's Toast is made from bread specially prepared for toast and every detail about it is sanitary and wholesome. It is produced in beautiful air tight tins. It is pre-digested food relished by old and young. Toast is the trustworthiest of the future.

BAKER AND BANKER CO-OPERATING

The Citizens Savings and Trust Co., of Wabash, Ind., in a newspaper advertisement on "Overdrafts," quotes the opinion of the U. S. Supreme Court that permitting overdrafts is a misapplication of the funds of the bank.



On January 5 last the Commercial National Bank of Syracuse, N. Y., pub-

lished in one-third page newspaper space, "An Open Letter to Business Men About Business Conditions at Home and Abroad." It was rather optimistic in tone and took up such topics as: "Some Governing Influences," "Striking Events," "January Payments," "Value of the Crops," "Farmers and War Prices," "Money Market Conditions" and the "Cost of the War."

"One Million Short" is the startling line on a blotter sent out by the National Stock Yards National Bank of East St. Louis, Ill. The explanation is added, however:

NO, NOT OUR BANK, but receipts of *cattle* and *hogs* for the first six months of 1914. Why not interest your customers in supplying the shortage? It will mean profits to both of you.

Ask Us How



"What I Know About the European War," the title of a booklet sent out by the Farmers and Merchants Bank of Greenville, S. C., leads one to expect an article of "Green Book," "White Book" or "Blue Book" proportions. But instead the inside pages are of a blankness rivaling that of the famous "Essay on Silence" which Elbert Hubbard sold at "two bones per." The back cover has some advertising matter on it. We never did think much of this scheme, because when the first cachinnation of the recipient has ceased, the feeling of merriment is succeeded by one of soreness at having been fooled.



One of the best possible emblem ideas for a bank is to illustrate in it one of the outstanding local industries or products, upon which the prosper-



ity of the bank and its community, in part, depends. The tobacco plant emblem of the Planters National Bank, Richmond, Va., reproduced above, is a splendid example of this idea.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets folders and other advertising matter issued by them. Subscribers can get on this list free of charge by writing to the editor of this department.

Watch for new names and other changes.

F. R. Adams, Will Co. National Bk., Joliet, Ill.
 American National Bank, Richmond, Va.
 D. Anley, care Central Trust Co., San Antonio, Texas.
 Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.
 A. F. Bader, publicity manager, City National Bank, Evansville, Ind.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York.
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 C. J. Bevan, cashier, Exchange Bk., Genoa, Ill.
 E. L. Bickford, cashier, First National Bank, Napa, Cal.
 W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.
 R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 Bank of San Rafael, San Rafael, Cal.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
 E. C. Burton, vice-president, Penn. National Bank, Chester, Pa.
 Stephen L. Burwell, vice-president, First National Bank, Jackson, Miss.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Citizens National Bank, Oconto, Wis.
 Commercial Bank, Midway, Kentucky.
 B. S. Coohan, 518 W. 63rd Street, Chicago, Ill.
 H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
 David Craig, Tradesmens National Bank, Philadelphia, Pa.
 Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dyssart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Ekirch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, publicity manager, Guaranty Trust Co., New York.
 Federal National Bank, Denver, Colo.
 The Franklin Society, 38 Park Row, N. Y.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Jas. P. Gardner, Montclair, N. J.
 B. P. Gooden, advertising manager, New Netherland Bank New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, manager publicity department, The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 D. L. Hardee, Manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

John R. Hill, Barnett National Bank, Jacksonville, Fla.
 Jessamine G. Hogglund, publicity manager, National City Bank, Chicago, Ill.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 N. W. Johnston, president, Illinois Trust & Savings Bank, Champaign, Ill.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Kennett Trust Co., Kennett Square, Pa.
 Grover Keyton, New Farley National Bank, Montgomery, Ala.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 M. R. Knauff, assistant cashier, Merchants National Bank, St. Paul, Minn.
 George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kans.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 A. E. Lindhjem, assistant cashier, Scandinavian American Nat. Bank, Minneapolis, Minn.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 E. B. McWilliam, publicity manager, Security Trust Savings Bank, Los Angeles, Cal.
 Ralph H. Mann, President Gloucester National Bank, Gloucester, Mass.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. R. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Will E. Morris, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord., Neb.

Old State National Bank, Evansville, Ind.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 W. W. Russell, cashier, First National Bank, White River Junction, Vt.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almont Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 T. K. Smith, Jr., manager, Gimbel Brothers, Bankers, New York City.
 J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 A. C. Tonsmeire, cashier, City Bank & Trust Co., Mobile, Ala.
 Union Trust Co. of D. C., Washington, D. C.
 F. H. Williams, assistant treasurer, Albany City Savings Institution, Albany, N. Y.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
 C. C. Willson, care of Continental & Commercial Trust & Savings Bank, Chicago, Ill.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Theodore Jessup, Woodlawn Trust & Savings Bank, 1204 E. 68th St., Chicago, Ill.
 J. Stanley Corwin, Columbia Trust Co., 358 Fifth Ave., New York, N. Y.
 Northwestern Trust Co., R. P. Sherer, Vice-President St. Paul, Minn.
 Sioux City Trust & Sav. Bank, Ben. W. Freiden, Cashier, Sioux City, Iowa

New York Safe Deposit Association

THE New York State Safe Deposit Association held its regular Annual Meeting and Dinner at the Hotel Manhattan, New York city, on January 9, 1915.

The association includes representatives of all the prominent safe deposit companies, banks and trust companies throughout the United States.

A notable number of members honored the occasion, there being personal attendance of safe deposit men from Kansas City, St. Louis, Washington, Baltimore, Philadelphia, etc., and warmly appreciative letters from associate members in Columbus, Milwaukee, Minneapolis, Los Angeles, and other cities,

alike testified to widespread interest in the aims of the association, and to growing recognition of its important work.

At the afternoon meeting preceding the dinner, after the reading of the minutes and various official reports, and the appointing of the committees, an election of officers was held, which resulted as follows:

Officers: President, Walter C. Reid; vice-presidents, William Giblyn and William B. Sheppard; secretary and treasurer, J. Lynch Pendergast.

Executive Committee: The officers ex-officio, and (1918) Ward C. Pitkin, and Samuel A. Cunningham; (1917) Walter J. Barrows, and Russell Brit-

tingham; (1916) Edward Searle, and Charles P. Schultz.

Following the election, several topics of timely interest were debated by members of the Association.

Among the honorary guests and eminent speakers at the dinner may be mentioned Messrs. Francis S. Bangs; Eugene Lamb Richards, Superintendent of the Banking Department; First Deputy State Comptroller Warren I. Lee, and Whidden Graham.

Mr. Bangs spoke to the effect that while the safe deposit companies had always rendered good service to the investing public, the present tendency toward extreme public investigation and regulation operated to render the people somewhat indifferent to the physical protection the safe deposit company offers, and to destroy values and discourage thrift.

Mr. Richards told interestingly of his own surprise when in his official capacity as Superintendent of Banks of New York State he found the safe deposit system unexcelled as a factor making for the public weal. The many millions of dollars invested in the quiet and conservative yet most influential safe deposit business were mentioned among

other significant and illuminating disclosures of the Banking Department's reports.

In conclusion, Mr. Richards paid the following tribute to the association:

"The life work that this association represents is a work that appeals to me. There are no more popular words in my dictionary than 'safe' and 'deposit.' No man has a higher duty or greater privilege than you who are engaged in a business that means preservation, protection and stability. You are all doing something that really means security to the rich and poor alike. You are the watchers and wardens against improvidence; and, while you may not figure much in the headlines of the press, yours is a line of endeavor which day by day, week by week and year by year spells increasing happiness and prosperity to your own community and to the country."

As a whole the New York State Safe Deposit Association dinner of 1915 surpassed its predecessors, and promises to result in the organizing of similar associations throughout the country, the State of Illinois at present seeming to take the lead in a movement in this direction.



Organization of National Banks

DURING the month of January, 14 formal applications for conversion of State banks or reorganization of State or private banks were filed and 13 formal applications to organize national banks by individuals not connected with existing State or private banks.

During the same month 12 applications were approved, 10 of these being for conversion of State banks or reorganization of State or private banks.

During the month of January, 19 banks, with a total capital of \$737,000, were authorized to begin business, of which number 14, with a capital of \$387,000, had individual capital of less than \$50,000 and 5, with a capital of \$350,000, an individual capital of \$50,000 or over.

On January 31, 1915, the total number of national banks organized was 10,691, of which 3,088 had discontinued business, leaving in existence 7,603 banks, with an authorized capital of \$1,074,959,175 and circulation outstanding, secured by United States bonds, \$723,174,853, and by other securities, \$67,307,165. Circulation to the amount of \$191,724,115 covered by lawful money deposited with the Treasurer of the United States on account of liquidating and insolvent national banks and associations which had reduced their circulation, is also outstanding, making the total amount of national bank circulation outstanding \$982,206,133.



WIRT WRIGHT
PRESIDENT NATIONAL STOCK YARDS NATIONAL BANK
NATIONAL STOCK YARDS, ILL.

Live Beef Loans

By WIRT WRIGHT, President National Stock Yards National Bank
National Stock Yards, Ill.

THE Federal Reserve Bank Act is now in partial operation. The advocates of the law may point to some undoubtedly good effects—for instance, removal of the feeling of apprehension about our financial machinery, which developed very promptly upon the start of the European war. The critics of the law are hardly yet in position to say "I told you so," although they may still maintain stoutly their objection to certain features; as, for instance, the method of government, the ponderousness of the credit machinery and the apparent confusion in the minds of the proponents of the law of credit circulation with Government money.

Fortunately, however, one definite benefit has been already received which merits notice. The discussion and study by bankers incident to the inauguration of the Federal Reserve Bank system has apparently clarified the atmosphere surrounding some important banking operations. This is particularly true as applied to the class of loans which should be carried by banks doing a strictly commercial business, or accepting the reserves of other banks. This question seems to be the subject of thought by bankers everywhere, and it has been more or less stimulated by the various rulings of the Federal Reserve Board defining paper eligible for discount at the Reserve Banks, and stimulated also by the opinions of experienced and prominent bankers, commercial paper brokers and others interested in the business.



CLOSER SCRUTINY OF PAPER.

THE result of all this would seem to be that strictly commercial banks will scrutinize very carefully pa-

per offered by their customers, with certain requirements in mind. Hereafter there is to be no uncertainty as to the exact financial condition of the borrower. In connection with the usual and necessary precautions as to the moral risk and character of his business, his statement of condition must be in more detail, differentiating more carefully the different items of resources. Assets shown will be verified as to nature and condition, and the statement as a whole will have to be certified by competent authority.

The conclusion from such an analysis will be that loans for fixed capital account, loans whose probable result will be an unhealthy expansion of business, or loans for highly speculative purposes, will be avoided in favor of loans whose payment at or about maturity may fairly be counted upon out of the natural operation of the business. We are reduced, therefore, to the acceptance of loans originating in a healthy conversion and transmission of raw materials and labor to finished products in the hands of the consumer, in the first place; and, in the second place, to loans based on the products of the soil on the way from the farm to the consumer.



FINANCING OF FOOD PRODUCTS

THE European war has directed the attention of bankers very strongly to the importance and value of financing food products. The belligerents in Europe are clamoring for grain and meat foods produced on American farms, and at prices exceedingly profitable to American interests. This is evidenced in the unusual price now commanded by wheat; and, if the war should continue, would ultimately be as

noticeable in the price of American beef and pork.

But long before the opening of the war the attention of American bankers had been directed to the importance of the beef-producing industry in this country by the startling decrease in the supply of cattle during the past ten years. It has seemed desirable from the standpoint of the preservation of our natural resources, as well as from that of profit, to give more extended recognition to the credits based on the production and marketing of beef cattle. A decrease of thirty-two per cent. in the supply of cattle in the United States in the last ten years, as opposed to an increase in population of probably over twenty per cent. in the same period, is alarming, notwithstanding the fact that our Government reports an increase of three and four-tenths per cent., or 1,212,000 head, of beef cattle in the year 1914. The matter is of enough importance to command attention from all bankers.

What are the factors surrounding loans based on live stock which would theoretically appeal to bankers favorably?

First.—They are secured by a commodity for which there is a constant and unfailing demand. We are a nation of meat eaters, despite the sporadic substitutes which have their vogue for short periods. A loan based on a live necessity, which has a fairly steady range of price, is certainly a safe loan when properly made.

Second.—There are many markets for live beef, all of long standing, well established, and where the buying forces are strongly represented. These markets are so located as to be readily accessible to farmers and shippers.

Third.—A study of the range of prices upon these markets over a period of years shows that fluctuations in prices are comparatively narrow in range within short periods, so that the lender is in position to protect himself at any time. These live-stock markets have been free from the influence of financial panics, general disturbances of business,

or even the great war now in progress. The packers, who are purchasers of beef, in the bankers' panic of 1907 were embarrassed for a week or ten days only, when they were able to start the supplies they had in cold storage abroad, sell their foreign exchange against such shipments, and thus entrench themselves for continuing their purchases upon the market, and thereafter the markets were well supported. The margin of profit in the packing business is now so small, and the packers have such large amounts invested in their plants, that operation at capacity is economically necessary for them.

Again, in a general business depression, while the prices upon the market of course reflect a decrease in the demand for meat products, yet the decrease is usually gradual over a period of months, so that the financier interested has ample opportunity to protect himself. And still again, in the early weeks of the present war, when the securities and cotton markets were closed, and the grain markets greatly hampered, all of the live-stock markets of the country were open, continuing their business on a normal basis, and at prices equal to or higher than during the months preceding.

Fourth.—The security on live-stock loans is marketable at any time—there is always a demand for any class of animal which may come to the market, from a three-weeks' old calf to a ten-year-old cow, and a cash price. The owner of live stock is not tied down to seasonable marketing periods—his market is always open, which puts the lender in somewhat the same position as the banker lending upon stock exchange securities.



PRECAUTIONS TO BE OBSERVED.

THE above discussion is all apparently quite favorable to the carrying of loans based upon live stock by commercial banks of the country. Are there, however, some practical objec-

tions which we should take note of? Of course there are objections. No business in the country is free from all risk from the standpoint of the banker, and questions such as the following will immediately suggest themselves to the alert-minded credit man:

Is definite and reliable information obtainable concerning the personal character and financial responsibility of the borrower? How does the banker know that the security is actually there? It is alive and may walk off, or be driven off. The security must be located some distance away, and how is its location assured during the life of the loan? Cattle all look more or less alike. How is the security identified? What are the dangers from the rigors of winter? What is the risk of disease? How is it known when the security has been sold? If the security is sold and the money is not applied upon the loan, what recourse has the lending bank?

These very natural questions are most easily answered by a description of the operations of a class of specialist banks, which have had years of experience with this character of business. These banks, usually called stock-yards or cattle-loan banks, are located at the great live-stock markets—Chicago, East St. Louis, Kansas City, Omaha, South St. Paul, Sioux City, St. Joseph, Wichita, Denver, Oklahoma City and Fort Worth. Each of these markets draws from a large territory, the farmers and stock men of which naturally call upon the marketing point for financial assistance. A volume of credits is thus created too large for the resources of these banks, and to meet the imperative need for outside credit facilities, brokerage institutions, called cattle-loan companies, are operated in connection with the banks. The stock of these loan companies is usually owned either by the banks outright or by the banks' shareholders pro rata, on plans somewhat similar to those in force between affiliated national and State banks in many cities. The cattle-loan companies sell over their endorsements loans secured by cattle to banks elsewhere, which are

buyers of outside paper, and the capital stock of the companies is sufficient to cover any probable losses in the loans sold.

The loans carried are principally secured by chattel mortgages on cattle, preferably in the process of finishing for market within the period for which the loan is made. The chattel mortgage form in use is one which has been approved by attorneys in all of the States in which the bank and cattle loan company operate, and it is also ascertained that the laws of these States are of such a character that the provisions of the chattel mortgage can be enforced. The form of mortgage used gives the holder right to call for more security, to move the cattle with or without the consent of the mortgagor into another location more favorable as to feed and water, or to take possession of the security and ship it to market if necessary to protect the mortgagee's interest.

As would be expected, the credit risk of the borrower is more or less of an obscure matter. The financial statement of the farmer or live-stock man is entirely different from that of the usual mercantile or manufacturing establishment and must be judged by a criterion of its own. A large fixed asset in proportion to easily convertible property is present in the shape of land, and it is quite likely that current short-time obligations will run a larger percentage of liquid assets than with other businesses. But it is a commonly accepted fact that as a general thing farmers' loans for crop or live-stock purposes have a high average of moral standing and a good record as to liquidation. Therefore, a carefully prepared detailed statement of the farmer, showing the amount of land he owns, with a close description, the amount of debt and when interest payments and principal are due, a complete statement of personal property, itemized in the case of live stock and feed, and a detailed itemization of all current liabilities of every nature and description, form a splendid basis for passing an opinion upon his responsibility. This is checked by correspond-

ence with local individuals and banks, and if the fact is revealed that the farmer owns his land, has been a resident of the vicinity for some time and his operations uniformly successful, a cattle loan may be considered a safe proposition if the security is ample.



PREPARING CATTLE FOR MARKET.

CATTLE may be prepared for market by many different methods, depending upon the location where they are handled, the character of feed raised there, and the class of cattle. The amount of money loaned per head is determined by the financial responsibility of the borrower, the amount of feed he has on hand, the kind and grade of the cattle and the method of handling them. But in general, it may be stated that it is the practice in the case of responsible men to loan from ninety to one hundred per cent. of the value of aged steers on short sixty to one hundred days' feed, where the borrower has his feed in hand or the money to buy it with and furnishes the lender with a feed waiver. Every day the cattle are on feed adds to the security by their increase in weight, frequently amounting to a forty or fifty per cent. margin by the time the cattle are fit for market. More margin is required in the case of steers fattening on the grass in the summer time or being rough wintered to be finished the succeeding summer on the grass, and a still larger margin in the case of young steers. Stock cattle or cow loans, as they are commonly called, must be judged in a class by themselves. The evident shortage in the supply of cattle has made it obligatory to finance a certain amount of breeding deals, but these should be considered as long-time, serial-payment loans, to be reduced by the sale of calves and such outside income as may be available, requiring usually eighteen months for complete payment.

Before definitely accepting any loan,

the stock yards bank will have an inspection and valuation made by competent men, usually salaried inspectors, who are thoroughly acquainted with the value of the cattle and the condition necessary for their successful feeding. Not only is such an inspection made before money is advanced, but these inspectors frequently visit the security on loans several times while the loan is in existence, making a careful report on the progress of the cattle, their exact location and the way in which they are being cared for. If at any time the water or feed seems to be insufficient, the inspector can act promptly for a correction of the trouble, by moving the cattle or otherwise.

The majority of cattle loans are made on cattle which are branded; and the mortgage also, of course, gives a careful description of the age, grade, breed and class of cattle. Such description is ample for all identification purposes. The average cow man with experience, if he has once seen a herd, will at once recognize them again after a considerable interval. When it comes to marketing and to provide against the illicit sale of cattle, the banks engaged in the business further protect themselves by membership in one or more of the large cattlemen's associations, with which all brands are registered. These associations maintain inspectors at all of the large markets, the ultimate destination of cattle, and a prompt wired report is made to the bank interested when any of its mortgaged stock appears upon the market. A bank holding a mortgage on cattle can follow them with its mortgage, even where they have passed through three or four different ownerships, and each succeeding owner is in turn liable to the bank holding a properly recorded mortgage for the amount of the note thus secured. In addition the original mortgagor may be prosecuted criminally. These cattlemen's associations also have inspectors throughout the cattle country, with an eye for any movement of cattle which seems open to question.

Since the open ranges have been

placed under fence, and the railroads have penetrated to every nook and corner of districts where cattle are produced, it has become a comparatively simple matter to guard against loss by severity of winter weather. Cattle do not die from cold, but from starvation when the range is covered by a sheet of snow. It is now possible, however, for any stockman to promptly supply his animals with feed when a severe storm is encountered. Thus it is a matter of record that the loss of cattle from this cause is a negligible percentage, which statement applies also to the normal loss of cattle by disease, according to Government reports.

It so happened that the prevalence of the hoof and mouth disease during the last few months of 1914 raised the question of danger from this source to the cattle industry of the country, and while the disease has been confined very largely to dairy districts and a class of cattle not ordinarily made a subject of loan operations, still it is interesting to note that the natural death loss from the hoof and mouth disease is only about two per cent. in the mild cases such as we have had in this country. In a very justifiable endeavor to stamp out the disease, the Federal and State governments have been slaughtering infected cattle under an arrangement by which the Federal Government pays one-half and the State governments one-half of the appraised value of the cattle slaughtered. The disease is now under strict control. Infection is largely in Eastern and Northern States, and as the movement of cattle is naturally from the large producing sections of the West to the consuming population of the East, there would seem to be little likelihood that the disease will ever become a factor to be reckoned with by the banks loaning on beef herds.

PERSONAL SUPERVISION.

AS the officers of these stock yards banks and loan companies are located at the markets, they are in position to be thoroughly informed on values. Frequent trips throughout the territory in which they operate keep them further advised as to conditions in the country and the changes in methods of feeding and handling beef cattle, which are continually being made. Undoubtedly the handling of this class of loans is a special business, involving more or less risk to banks which undertake it directly, without the organization and experience to handle it. This is true of many businesses—for instance, it would be quite hazardous for a savings bank of Massachusetts to undertake advancing money directly to the grower of cotton in Texas. But the operation of the cattle loan companies which sell paper after endorsing it opens this class of investment under responsible auspices to any banks which are buyers of commercial paper.

It is therefore fortunate that in the preparation of the Federal Reserve Law its authors saw fit to recognize the paper of agriculturists, including live stock men, all of whom are more or less dependent upon the change of seasons, by permitting such loans to be rediscounted by Federal Reserve Banks where the maturities are as long as six months, as opposed to a ninety-day limit in the case of other classes of paper. Financing of the production of beef is as important a factor in the economic life of the nation as that of cotton or grain, where conservatively handled. It is to be hoped therefore that the operation of the Federal Reserve Law, together with the more careful analysis which all bankers in the country are giving to their credits, has opened the way for a most healthful and conservative prosperity for the agricultural interests of the country.



OSCAR WELLS
PRESIDENT FIRST NATIONAL BANK, BIRMINGHAM, ALA.

New President of the First National Bank, Birmingham, Alabama

IT was recently announced that Oscar Wells had resigned the Governorship as well as the Class "A" directorship with the Federal Reserve Bank at Dallas, Texas, to become president of the First National Bank of Birmingham, Ala.

In going to Birmingham, Mr. Wells succeeds J. H. Barr, who was elected president of the bank when W. P. G. Harding resigned that position to accept the appointment as a member of the Federal Reserve Board tendered to him by the President.

Mr. Barr becomes chairman of the board of the bank, and will continue to serve actively in that capacity. At the time of his election as president last summer, Mr. Barr made known to the members of the board that he would expect to be relieved of the responsibility of that office within a reasonably short time, and surely by the end of the present year, as he had no desire to continue the burdens of chief executive longer than was necessary to find some one else for the position, satisfactory to himself and his associates.

Mr. Wells, the new president of the First National Bank of Birmingham, was born in Missouri in 1875, and after leaving college accepted employment with the Wells Banking Company at Platte City, Mo., belonging to his relatives, becoming a junior officer. He next purchased the controlling interest in the Bank of Edgerton, Missouri, becoming president of it.

In January, 1903, he bought a substantial block of stock in the Carthage (Mo.) National Bank, and became its cashier.

In 1905 he was elected cashier of the Fort Worth (Tex.) National Bank, which place he held until the early part of 1909, when he went to the Commer-

cial National Bank of Houston, Texas, as cashier. At the end of three years he became vice-president of the Union National Bank of Houston, and in January, 1913, was elected vice-president of the First National Bank of Houston, to succeed H. R. Eldridge, who at that time became vice-president of the National City Bank of New York.

When the organization committee having in charge the location of the boundary lines of the Federal Reserve Districts, and the establishing of the location of the Federal Reserve Banks, announced its policy of holding meetings in various parts of the country to gather information that would enable the committee to perform such duties there was a desire upon the part of the citizenship of Texas to present the claims of that State for the establishment of a Federal Reserve Bank within its boundaries to serve the southwest portion of the country. Texas has a number of important commercial centers, several of which were seeking to become the home of the Federal Reserve Bank. A campaign, however, was inaugurated to work in the interests of the entire State of Texas, and Mr. Wells was chairman of the committee having this work in charge. He also represented his own city in presenting the testimony to the Organization Committee at Austin, Texas. When Dallas was finally selected, his associates as members of the Houston Clearing House Association, felt that Houston should be given the opportunity to participate in the management of the bank in a peculiar manner, and prevailed upon him to allow them to use his name as their candidate for a Class "A" director, at the same time announcing their desire to have him elected as an executive officer of the bank. Subsequently, this was done by the board of directors

electing him as the Governor of the Federal Reserve Bank at Dallas.

At the time of the announcement of his resignation, Mr. Wells made the following statement:

"I grew up in the banking business and naturally an opportunity to again occupy an official position in a commercial banking institution appeals to me very strongly, especially when the position is that of chief executive of one of the biggest banks of the South.

"The First National Bank of Birmingham, so long under the management of W. P. G. Harding, its former president, who resigned a few months ago to become a member of the Federal Reserve Board at Washington by appointment of President Wilson, is recognized as a strong institution, ranking in point of volume as the largest bank in that section. It is under the supervision of a strong board of directors, representatives of the leading commercial interests of that territory.

"The negotiations looking toward my official connection with the First National Bank of Birmingham began last summer, just after Mr. Harding resigned, but because of the changed conditions which followed the European war, they were abandoned. Just after I came to Dallas as Governor of the Federal Reserve Bank the matter came up again, without solicitation on my part, with a result that a definite offer was made several weeks ago. The members of the board here concurred in the belief that the position offered me a distinct opportunity for advancement and were considerate enough to express the

opinion that the nature of my obligations here were not of such character as would preclude my accepting the tender. While the compensation is considerably in excess of what the Federal Reserve Bank would be expected to pay, I am impelled to make the change because it is an unusual chance for an individual growth and development in the business which I have chosen.

"While I realize that this new work will bring its share of responsibilities which may redound to my personal benefit, I am relinquishing the work which has fallen to the office of the Governor of the Federal Reserve Bank with a full measure of regret. The problems of fitting the transactions of this bank to the intents and purpose of the law are intensely interesting, and I should enjoy continuing my efforts toward assisting in the process of shaping up the accomplishments of the Federal Reserve System. The officers and directors of the twelve Federal Reserve Banks are engaged in a most excellent undertaking, and it would be a privilege to have part in their achievements.

"Again, there is much regret in leaving the many friends I have made in Texas since coming to the State ten years ago. There are no better friends anywhere and many times will their helpful counsel be missed."

The First National Bank of Birmingham from the time of its establishment in 1884 to the present has steadily added to its business until now it is one of the leading banks of its section, having \$1,500,000 capital, \$1,657,000 surplus and profits and \$16,018,000 total resources.



New Counterfeit \$20 Gold Certificate

SERIES of 1906; check letter "C;" face plate number 200; J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States; portrait of Washington.

This counterfeit is printed from photomechanical plates of poor workmanship on two pieces of paper between

which silk threads have been distributed. The portrait of Washington is especially bad. In the genuine the background for this portrait is composed of fine crossed lines while in the counterfeit it is solid black. The number of the specimen at hand is D10449787.

New Investment Firm

GILLESPIE, LIVINGSTON & CO., 44 Wall Street, New York



LAWRENCE L. GILLESPIE

GILLESPIE LIVINGSTON AND COMPANY is the style of a firm recently organized for the purpose of dealing in high grade investment securities and well secured short time or later maturing railroad, municipal, industrial and public service bonds and notes and also in guaranteed stocks, bank stocks

and equipment issues. In addition there will be special departments having the particular care of matters connected with estates and personal property. Insurance will also be placed for clients and friends.

The firm consists of Lawrence L. Gillespie, Robert Linlithgow Livingston and Alexander D. B. Pratt.

Mr. Gillespie is one of the well-known bankers of the country. He was born in Chicago in 1876, and was educated at the Cutler School in New York and graduated from Harvard College with the degree of A. B. in 1898. Soon after graduation he engaged in banking in New York, being successively vice-president and trustee of the Equitable Trust Co., and partner in the firm of J. S. Bache & Co. He has also served as director of a number of railway and large industrial corporations. In 1898 Mr. Gillespie entered the volunteer service as second lieutenant and served in Porto Rico, being promoted first lieutenant and then acting captain. He has traveled extensively in the United States, Europe, China and the Philippines.

In 1911 Mr. Gillespie was elected vice-president of the Trust Company Section of the American Bankers Association and chairman of the Executive Committee of the Section in 1912.

Mr. Livingston has been identified with the activities of the financial district of the metropolis throughout his business career. His extensive training and experience in the domestic and foreign banking field, together with a later partnership in a New York Stock Exchange brokerage firm, have given him, in an unusual degree, that thorough knowledge of banking and finance so essential to an understanding of their relations to present-day commerce and



ROBERT L. LIVINGSTON



ALEXANDER D. B. PRATT

OF GILLESPIE, LIVINGSTON AND COMPANY

business conditions. He has, as well, displayed exceptional ability as an organizer and executive.

Mr. Livingston was born February 23, 1876, at Hyde Park on the Hudson, New York. Through both paternal and maternal lines he is descended from Scotch ancestry.

After having received his educational training at St. Paul's School, Garden City, Long Island, which institution he left in March, 1892, prior to graduation, he began his business career in New York city on October 1st of the year last named. His first employment was as a clerk with the banking house of Kountze Brothers. Passing through every department of their business he finally became, by reason of his abilities, a partner of the firm on January 1, 1904. After eighteen years of continuous activity in this association, he severed this connection February 1, 1912, and went abroad to gain a much needed rest. Upon his return to the United

States he was active in founding the New York Stock Exchange firm of Adams, Livingston and Davis, which took over the business of Day, Adams and Company.

Mr. Livingston served four and one-half years in the Seventh Regiment, National Guard of New York. He also has had military experience in time of actual war, having served during the Spanish-American conflict as a commissioned officer of the Twelfth Regiment New York Volunteers; entering in April, 1898, as a second lieutenant, Company B, and resigning in November, 1898.

Alex. D. B. Pratt's former associations have been with the well-known banking firms of Maitland, Coppel & Co. and Strong, Sturgis & Co.

It will thus be seen that while this is in a sense a new firm, it represents substantial interests and its several partners have had long and active banking connections.

Deputy Governor of the San Francisco Federal Reserve Bank

THE appointment of Russell Lowry as Deputy Governor of the Federal Reserve Bank of San Francisco has been well received by his many friends on the Pacific Coast and in other parts of the country.

For more than eight years Mr. Lowry was associated with the American National Bank of San Francisco, holding the office of vice-president at the time of his appointment as Deputy Governor of the Federal Reserve Bank of San Francisco.

Mr. Lowry in his bank work made a specialty of credits and has also carefully studied the structure and operative features of the Federal Reserve Act. In addition to being a banker of sound judgment and experience, he is possessed of personal qualities that have brought to him a large number of friends.



RUSSELL LOWRY
DEPUTY GOVERNOR FEDERAL RESERVE BANK
OF SAN FRANCISCO



Can This Be True

P. C. HENRY, who keeps a general store at Basking Ridge, N. J., has dug up some old records that refute the cry that the cost of living is higher to-day than it used to be years ago.

He finds on referring to a daybook of 1873 that molasses cost 95 cents a gallon, against 65 cents now; sugar, 98

cents for seven pounds, against 42 cents now; Rio coffee, 38 cents a pound, against 25 cents now; flour, \$10.50 a barrel, against \$7.50 now; tea, \$2 a pound, against 75 cents now; condensed milk, 25 cents a can, against 16 cents now; canned tomatoes, 25 cents, against 12 cents now, and so on through a long list of edibles.



CHAS. S. CALWELL
PRESIDENT CORN EXCHANGE NATIONAL BANK, PHILADELPHIA, PA.

Modern Financial Institutions and Their Equipment

Corn Exchange National Bank of Philadelphia

DISTINCT in its location; distinct in its methods; and particularly distinct in its service to patrons and public—that is the title which belongs to the Corn Exchange National Bank.

It is older than the National Bank Law itself, and in the past twenty years, while the population of Philadelphia has expanded sixty per cent., the business of the Corn Exchange Bank has grown 1,000 per cent.

The Colonial walls of its new home at

Chestnut and Second streets are imposing, but they impress the people who do business with the bank far less than does the spirit of things inside.

A tourist wrote that he liked the Alps, because he could walk up and touch them. The peaks are not remote and inaccessible.

It is as easy to see the officials of the Corn Exchange Bank as to see your family at the dinner table. No cards, and not even a door separates the bank's patrons from the bank's president and other executive officers.

This Corn Exchange spirit of close contact and accessibility is the very con-



ENLARGED BUILDING OF THE CORN EXCHANGE NATIONAL BANK, PHILADELPHIA
The lower portion was built in 1901; the higher part, including the first floor, is the addition completed in January, 1914.



MAIN CORRIDOR, CHESTNUT STREET FRONT, LOOKING WEST, SHOWING MAIN ENTRANCE DOOR AT SECOND AND CHESTNUT. THE PAYING TELLER'S CAGE IS SHOWN



MAIN CORRIDOR LOOKING NORTH, SHOWING ENTRANCE TO OFFICERS' QUARTERS AND PRESIDENT'S DESK

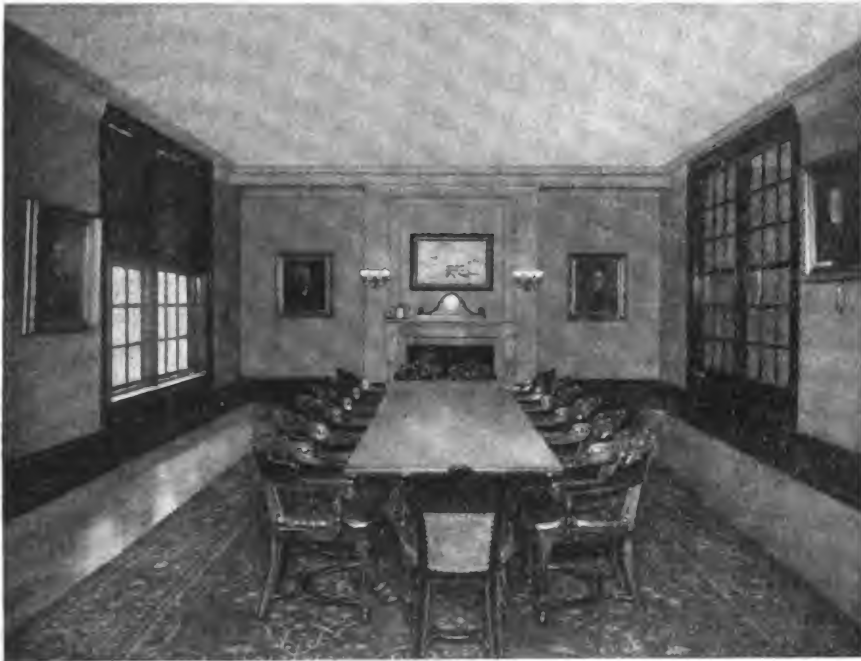
trary of the old notion that only by special favor could anyone see the head of such an institution.

The Corn Exchange adheres to the theory that the bank, as well as the patron, is helped by this face to face method, and that the man who deposits, or the one who borrows, is entitled to the best official service it can bestow.

A man who had never before done business with the Corn Exchange Bank

change Bank has become conspicuous for its general efforts at upbuilding. It publishes every month a capital little newspaper, having the happy title "The Advance," which contains articles of general information and helpfulness.

President Calwell inaugurated an innovation two years ago by calling a corn conference. The object was to promote good farming and efficient marketing. This bank has been particularly alert to



DIRECTORS' ROOM, LOCATED ON THIRD FLOOR, SHOWING PICTURES OF FORMER PRESIDENTS AND DIRECTORS

was so agreeably affected by the courteous treatment he received from an employe that he at once opened an account of \$100,000.

But courtesy does not belong exclusively to the higher officials. From the blue-coated doorman to telephone operators, and from the newest boy to the paying teller, everybody has the cue that courtesy is a Corn Exchange asset that must be guarded quite as carefully as any other of its millions of assets.

Among the 100 banks and trust companies in Philadelphia, the Corn Ex-

change Bank has become conspicuous for its general efforts at upbuilding. It publishes every month a capital little newspaper, having the happy title "The Advance," which contains articles of general information and helpfulness.

The Corn Exchange Bank works on the sound theory of compensation—that to prosper itself it should help the community to thrive and expand. Its newspaper advertisements are very much out of the ordinary, and reflect a desire to show others how to go forward as well as move forward itself.

Very natural it is for a bank which censors its own actions so sharply to be



ENTRANCE DOOR TO SAFE-DEPOSIT VAULT

Located in the basement, showing a portion of the safe-deposit vault, with the manager of the department fitting keys to a box.



SAFE-DEPOSIT DEPARTMENT, WITH COUPON BOOTHS, AND MAIN DOOR TO THE SAFE-DEPOSIT VAULT

Although located underground, the lighting of this room is perfect, being accomplished by the Cove concealed lighting system reflected from the ceiling.

able to carry on an immense general banking business with a number of important features peculiar to itself. Thus it happens that the Corn Exchange enjoys the most nicely-balanced patronage in the great wholesale district of Philadelphia.

all seasons, and makes a well-rounded institution.

The Corn Exchange began its career on August 28, 1858, as a State institution. It rented quarters in the old Corn Exchange Hall at Gold and Second streets, but the following year it re-



STAIRWAY AND MAIN ENTRANCE TO THE SAFE-DEPOSIT DEPARTMENT

A majority of the houses in the following lines carry accounts with the bank: Wool, cotton yarn, butter, eggs, produce, fish, wholesale groceries and provisions, together with many manufacturing concerns.

This and other business in the wholesale markets employ the bank's funds in

moved to its present location, and has remained there ever since. To-day it is one of the really conspicuous institutions in that ancient section of Philadelphia.

The Corn Exchange Bank took out a national charter in 1864, and how it has grown from the original capital of



MAIN VAULT

Access to this room is by a lift running from the first floor, and all moneys and securities are brought down on this directly to the floor below.



PORTION OF THE BALCONY, ON WHICH ARE LOCATED THE DIFFERENT EXCHANGES AND PNEUMATIC TUBE SYSTEM

By this system all departments on different floors of the building are reached.



THOMAS J. JEFFRIES
VICE-PRESIDENT



M. N. WILLITS, JR.
VICE-PRESIDENT

\$131,000 and deposits of \$250,000, is shown by the following table:

	Capital	Surplus	Deposits
1858.....	\$131,695		\$250,105
1871.....	500,000	\$197,000	1,387,000
1887.....	500,000	269,000	1,973,000
1888.....	500,000	274,000	1,853,000
1900.....	500,000	654,000	10,168,000
1910.....	1,000,000	1,553,000	20,697,000
1914.....	1,000,000	2,086,000	23,293,445
1915.....	1,000,000	2,100,000	25,000,000

No wonder the bank has been forced to build and enlarge three times in fifteen years. For over half a century it has occupied the corner upon which its new and modern building stands. The original part of the present structure was erected in 1900, and three years later it was enlarged, but the newer four-story addition was completed only recently.

There could be no more satisfactory home for a bank. Light, ventilation, and comfort for employes, are keynotes of the construction. Magnificent vaults

and fire-proof cases are brought right up to the minute with every modern device, whether it be self-operating elevator, or pneumatic tubes to every department, or lock-boxes in which each renter actually makes his own combination, and individual key, impossible of duplication, the Corn Exchange Bank possesses every facility that can promote good banking with safety to itself and every patron.

Charles S. Calwell is the seventh president to the bank's fifty-seven years of existence. A. G. Cattell served from the beginning of 1871, followed by J. Dell Noblitt, Jr., from 1871 to 1887. William Johnson occupied the presidency less than a year, when he died, and Wilson Catherwood was president *pro tem.* for only a few months, when J. Wesley Supplee began his prosperous term, which extended from 1888 until 1900. During the following ten years Benjamin Githens was president, and the bank's deposits were doubled.



OFFICERS' QUARTERS

President's desk on the left, Cashier's at the right of the entrance—Vice-President's in the background. Also showing small room used for consultations.



VIEW OF FIRST FLOOR CLERKING SPACE FROM THE OFFICERS' ROOM

Vice-President's desk on the left, Cashier's desk on the right, and in front of this desk the clerk's entrance, which is the only means of access from the public space behind the banking screen. Collateral and discount department adjoins this.



NEWTON W. CORSON
CASHIER



ALLEN W. MATTHEWS
ASSISTANT CASHIER

Mr. Calwell succeeded him in 1910, and that ratio of growth has been maintained.

A bank having \$30,000,000 of resources, which the Corn Exchange has, and occupying its unique position in the very heart of the wholesale trade in one of the ten largest cities of the world, enjoys remarkable facilities for commercial service. It is not merely a place in which to deposit money, or from which to borrow, but a centre from which spring ideas for the general business welfare.

President Calwell insists that the personal element in a bank can be made a powerful asset, which never fails to be reflected upon the volume of the more tangible assets which figure in every bank's financial statements.

All the active officers of the bank have had long years of practical experience in the different departments of the bank and are constantly on the lookout for new systems and new methods of caring

for the growing business of the institution.

The officers are: Chas. S. Calwell, president; M. N. Willits, Jr., vice-president; Thos. J. Jeffries, vice-president; Newton W. Corson, cashier; Allen M. Matthews, assistant cashier.

The representative character of the directorate of the Corn Exchange National Bank appears in the following list of directors with their business affiliations: Richard H. Chapman, formerly Chapman & Martin, wholesale dry goods commission; John J. Macdonald, wholesale commission merchant, director Beneficial Saving Fund Society; David C. Bradley, wholesale meats and provisions; Wilson Catherwood, firm of H. & H. W. Catherwood, wholesale liquors; Samuel Dickson, Esq., attorney-at-law; Wm. L. Supplee, formerly firm J. W. Supplee & Co., wholesale flour; John S. Wentz, president Upper Lehigh Coal Co., director Lehigh Coal and Navigation Co., vice-president Virginia Coal



VIEW OF FIRST FLOOR

Some of the individual ledger clerks, together with the machines on which are made up the daily statements of all the individual accounts.



PORTION OF RUNNERS' DEPARTMENT ON FIRST FLOOR

Runners sorting out the items for their run. Also the stenographers' department, and in the left rear of the picture, through the doorway, the credit department, with one of the clerks.



PRINTING DEPARTMENT ON THE SECOND FLOOR

A great many of the forms used inside the bank, and some which are sent outside, are made in their entirety. Also on the left a young woman is using the Addressograph Machine.



PART OF THE BANK'S FILING ROOM

Located on the second floor, in which three young women are employed. All of the filing systems used here are steel *Library Bureau* stock. The ceiling lights are directly over the aisles, and make the system of illumination a perfect one, and economical, as they are easily turned on or off.



WORKING SPACE ON THIRD FLOOR. GENERAL LEDGER DEPARTMENT, ANALYSIS DEPARTMENT

Men making up the monthly statements, for which are used the adding and subtracting statement machines. In the rear are shown individual lockers for each clerk. Ample space is provided, and each man has an individual desk. The lighting and ventilation are first class.



SECTION OF FOURTH FLOOR,

All incoming mail and deposit tickets are proven here. Also the clearing-house deposits.



COMPREHENSIVE VIEW OF ENTIRE FOURTH FLOOR, INCLUDING THE TRANSIT DEPARTMENT

Light and ventilation on three sides. In the floor are openings for electric lights, so it is almost impossible to place a desk where immediate lighting connections cannot be made. This condition prevails throughout the building.

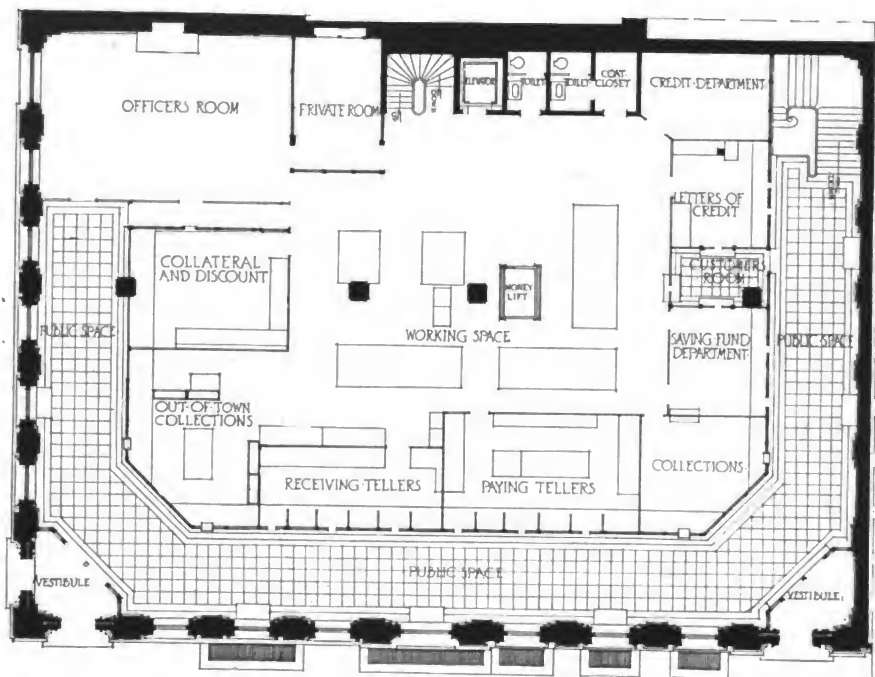


MASTER CLOCK

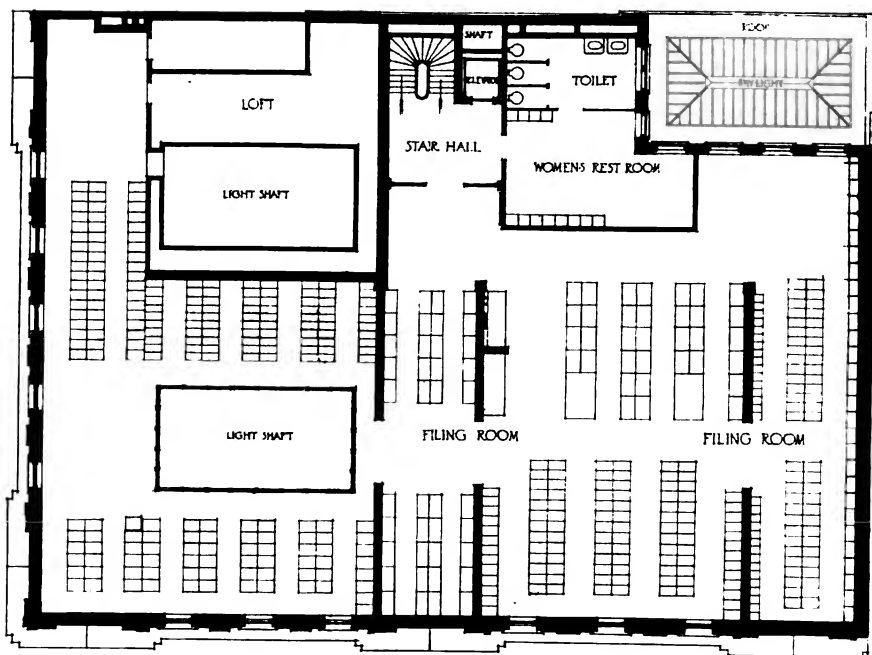
Located in the safe-deposit department, which controls the clocks throughout the building.

and Iron Co.; Thos. J. Jeffries, vice-president, wholesale commission merchant, selling agent for John & James Dobson; Joseph H. Parvin, wholesale cotton yarns; Wm. H. Folwell, vice-

president Folwell Bros. & Co., Inc., manufacturers textile fabrics; Walter A. Bailey, president John T. Bailey Co., cordage manufacturers; Chas. S. Calwell, president, director Philadelphia



FIRST FLOOR PLAN



SECOND FLOOR PLAN

CORN EXCHANGE NATIONAL BANK, PHILADELPHIA, PA.

Warehousing and Cold Storage Co.; Frank H. Moss, firm of Hazlett & Moss, realstate, director Real Estate Title Ins. & Tr. Co.; Geo. W. B. Roberts, firm Thos. Roberts & Co., canned goods, coffee and dried fruits; Merritt N. Willits, Jr., vice-president; Louis R. Page, president Page Coal and Coke Co., president Grozer-Pocohantas Co., director Westmoreland Coal Co.; J. E. Baum, president Supplee-Biddle Hardware Co.

of the bulwarks of sound and progressive banking in the great Southwest. Panics, numerous and severe, have swept over the country, fire has destroyed its home—but the Boatmen's Bank not only survives, but is to-day larger and stronger than ever and now is as well housed as any bank could wish to be.

The new building, illustrated herewith, was occupied by the Boatmen's Bank early in the present year. It is one of the solid and imposing banks and commercial structures of the Southwest, and the quarters and equipment of the bank are in all respects suited to modern banking requirements.

New Home of The Boatmen's Bank, Saint Louis, Missouri



OLDEST ST. LOUIS BANK'S NEW HOME

FROM the time of its organization in 1847 to the present day the Boatmen's Bank of St. Louis has been one

THE NEW BUILDING

NORWAY marble has been employed in the lobby of the main banking room, and the effect is very beautiful. Four check-counters for the use of cus-



MAIN LOBBY AS SEEN FROM ENTRANCE
BOATMEN'S BANK, ST. LOUIS, MISSOURI



NEW HOME—BOATMEN'S BANK, ST. LOUIS



MAIN LOBBY LOOKING TOWARD ENTRANCE
BOATMEN'S BANK, ST. LOUIS, MISSOURI

tomers are placed at convenient intervals in this space.

Under the mezzanine floor, along the Olive street front, are the officers' quarters, and on the Boardway side is the handsomely-fitted directors' room.

The money vaults are in the basement, and the records, except collaterals, are in the steel cases under the counters, and all bookkeepers' records are kept in cases forming pedestals for bookkeepers' desks, thus obviating the necessity of transferring records from the banking room into the vaults, and vice versa. It also enables the employees to work even beyond the time for closing the vaults.

All pedestals under counters are covered with steel curtains equipped with bronze locks. Curtains are pushed down and out of the way during the day.

This metal equipment was supplied by the Art Metal Construction Company, Jamestown, N. Y.

Tops of counters are covered with

durable battleship linoleum. Signature card cases are revolving, thus greatly increasing the convenience of reference.

A service elevator connects the mezzanine floor—which is used by the clerical force and subordinate officials—with the vaults in the basement. One of the vaults has been leased temporarily to the Federal Reserve Bank of St. Louis, which occupies the fourth floor of the building.

The vaults are of the greatest attainable strength. They contain two safes of the globular type, separated by heavy barred doors. Ample safe-deposit vaults of the latest construction occupy another portion of the basement. In this part of the building are also located the lockers, air-washers and refrigeration system. Between a false and upper skylight, over the banking room, are steam pipes which throw the heated air downward through exhaust pipes.

From the standpoints of attractiveness, safety and convenience, the Boatmen's Bank quarters are thoroughly rep-



OFFICERS QUARTERS
BOATMEN'S BANK, ST. LOUIS, MISSOURI



MAIN CORRIDOR TO VAULTS AND SAFE DEPOSIT DEPARTMENT
BOATMEN'S BANK, ST. LOUIS, MISSOURI

representative of the best in banking architecture and equipment.



BANK'S HISTORY AND PROGRESS

ADEQUATELY to record the complete history of the Boatmen's Bank would require a volume, for the bank in its beginning reaches back to the pioneer days, when St. Louis was an obscure trading post, and a vast part of what is now its tributary region was an undeveloped wilderness. The great growth of the city and the surrounding country is a familiar story, and need not be recounted here. In this growth the Boatmen's Bank has borne a very important part, supplying banking facilities and maintaining a sound reputation.

The Boatmen's Bank was organized without capital as the Boatmen's Savings Institution in 1847, and was reorganized under its present name, and with \$400,000 capital, in 1855. It now has \$2,000,000 capital and \$1,000,000 surplus, and has grown to its present size without any absorption of other institutions.

The officers of the bank are men of wide banking experience and of prominence in the financial community. They are: President, Edwards Whitaker; vice-presidents, Wm. H. Thomson and J. W. Reinholdt; cashier, C. R. Laws; assistant cashier, Edgar L. Taylor.

tutions. Originally planned, as its name implies, to accept deposits as low as five cents, its depositors now number nearly 50,000 and its yearly transactions nearly double that number.

The Worcester Five Cents Savings Bank was incorporated April 11, 1854, and began business in the book store of its first treasurer, Clarendon Harris, on Main Street, in Worcester. Later, the store now occupied by Flint & Barker, furniture dealers, Main Street, was taken, and under judicious management and with sustained public support, the institution's business assumed proportions which warranted the erection of its present building, which was occupied in 1892.

The original incorporators were: Charles L. Putnam, George T. Rice, Ichabod Washburn, George W. Richardson, Clarendon Harris, Elijah B. Stoddard, Edward Earle, Edward W. Lincoln, Edward E. Hale, Henry Chapin, Alvin Waite, Harrison Bliss, Charles Paine, James Green and Charles L. Knowlton.

The first board of officers was composed of Charles L. Putnam, president; Philip L. Moen, George W. Richardson, Benjamin L. Hardon, Dwight Foster, George M. Rice and Charles Paine, vice-presidents; David S. Messinger, J. M. S. Armsby, Henry W. Benchley, William N. Green, Eli Thayer, Rufus Carter, Edward W. Lincoln, James Green, Caleb B. Metcalf, George W. Russell, Edward E. Hale and Nathan Washburn, trustees; Elijah B. Stoddard, secretary, and Clarendon Harris, treasurer.

The first deposit was made July 1, 1854, by William Dickinson. Deposits have since increased to more than twelve millions, as the following table of growth by decades will show:

Worcester Five Cents Savings Bank, Worcester, Mass.

OF the many mutual savings banks in New England, the Worcester Five Cents Savings Bank approaches very closely in its encouragement of thrift and multiplication of small accounts the ideal of such insti-

Year	DEPOSITS		Number of Yearly	
	Number	Amount	Trans-	actions
1854	....	.....	....	....
1864	.... 2,260	\$201,236.64	....	....
1874	.... 4,794	788,932.08	....	....
1884	.... 11,030	2,675,120.36	13,334	
1894	.... 19,891	5,203,420.57	29,027	
1904	.... 34,421	9,661,962.71	54,966	
1914	.... 48,446	12,799,723.79	95,792	



MAIN BANKING ROOM



OFFICERS' QUARTERS

WORCESTER FIVE CENTS SAVINGS BANK, WORCESTER, MASS.



COL. ELIJAH B. STODDARD
ONE OF THE ORIGINAL INCORPORATORS AND
FIRST CLERK, WORCESTER FIVE CENTS
SAVINGS BANK

Recently the quarters of the Worcester institution have been greatly enlarged and entirely remodeled and as a matter of general interest to similar institutions we print herewith a floor plan showing the bank's working arrangements, all of which have been carefully studied and designed to meet the needs of an institution averaging over 800 transactions a day and on occasions of course reaching many times that number.

In order to provide space for a large number of customers passing in and out, the trustees' room has been removed to the basement and all the space on the main floor given over to the officers, the working quarters and the public.

The active officials of the Worcester Five Cents Savings Bank consist of J. Stewart Brown, president; Frederic B. Washburn, treasurer, and Myron F. Converse, assistant treasurer.

J. Stewart Brown, president, is a vet-

eran of the Civil War and enjoys the distinction of having been a member of Company C of the Old Sixth Massachusetts Regiment, and participated in the memorable march of that Regiment through Baltimore at the opening of the war in 1861.

Mr. Brown's official connection with this institution has been constant since the year 1884, when he was elected treasurer. His elevation to the presidency was in the year 1912. In addition to his important duties in this institution, he is president of the Merchants & Farmers Mutual Fire Insurance Co., of Worcester.

Frederic B. Washburn, treasurer, has served the institution since the year 1905, when he resigned the position of Commissioner of Savings Banks of Massachusetts to accept the office of assistant treasurer. He was elected to his present position in 1912 to succeed Mr. Brown.

Mr. Washburn is a director of the



HENRY M. WITTER .
FORMER PRESIDENT WORCESTER FIVE CENTS
SAVINGS BANK

**J. STEWART BROWN****PRESIDENT WORCESTER FIVE CENTS SAVINGS BANK****FREDERIC B. WASHBURN****TREASURER WORCESTER FIVE CENTS SAVINGS BANK****TRUSTEES' ROOM****WORCESTER FIVE CENTS SAVINGS BANK**

State Mutual Life Assurance Company, of Worcester, and president of the Massachusetts Savings Bank Officers' Club.

Myron F. Converse, assistant treasurer, has been identified with the bank since entering its employ as a boy in 1894. His first official position was that of clerk of the corporation, to which he was elected to succeed Mr. Brown in 1910, and served as such until elected in 1912 to the position he now holds. Mr. Converse is a trustee of trust funds of the city of Worcester, and holds other positions of local importance.

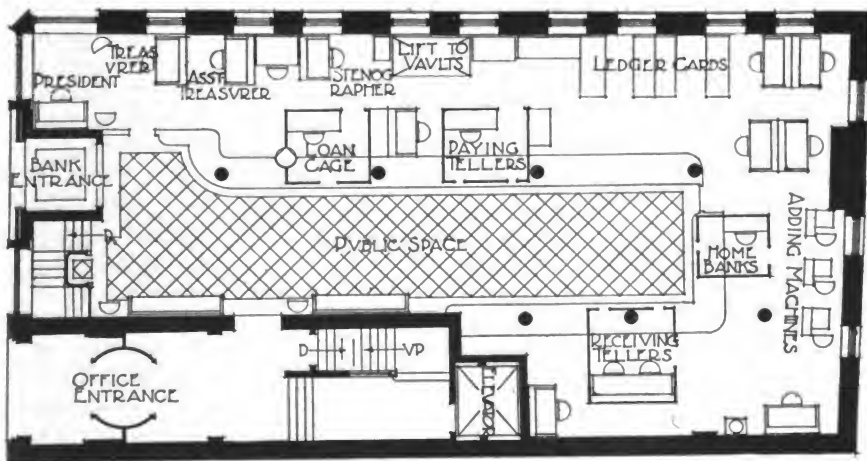
The other officers of the bank are as follows:

Vice-presidents—Edwin Brown, Roger F. Upham, T. S. Johnson, Chandler Bullock, Geo. W. Mackintire, Willis E. Sibley. Trustees—Charles P. Adams, Charles L. Allen, George A. Barnard, George S. Barton, Edwin Brown, J. Stewart Brown, Chandler Bullock, Edwin P. Curtis, T. S. Johnson, Geo. W. Mackintire, Henry P. Murray, James E. Orr, Nathaniel Paine, Robert W. Rollins, George Richardson, Willis E. Sibley, Frank C. Smith, Jr., Harry G. Stoddard, Roger F. Upham. Clerk—Frank C. Smith, Jr. Board of Invest-



MYRON F. CONVERSE
ASSISTANT TREASURER WORCESTER FIVE CENTS
SAVINGS BANK

ment—J. Stewart Brown, Chandler Bullock, Roger F. Upham, Geo. W.



FLOOR PLAN
WORCESTER FIVE CENTS SAVINGS BANK.

L. W. BRIGGS CO. ARCHITECTS
WORCESTER MASS.

Mackintire, T. S. Johnson. Solicitor—
Chandler Bullock.

The statement of condition as of Jan.
1, 1915, makes the following showing:

LIABILITIES

Deposits	\$18,146,516.48
Guaranty fund	644,400.00
Profit and loss	142,136.37
Discount	1,427.59
Total	\$18,934,480.44

ASSETS

Bonds	\$3,787,912.50
Loans on real estate	7,897,915.00
Loans on personal security...	1,751,175.08
Bank stock	7,900.00
Banking house	150,000.00
Cash and in banks	339,577.86

Total \$18,934,480.44

The bank has paid 4 per cent. interest on deposits continuously since July, 1907.



Getting Rid of False Leaders

ASKING the question, "Does Congress Want to Revive National Prosperity?" much of the present halting condition of trade and industry is attributed by "The Manufacturers' Record" of Baltimore to unwise legislation, but this hopeful view is taken:

"This country of 100,000,000 people, who ought to be enjoying a greater prosperity than any people on earth ever knew, has permitted itself to be led by demagogues and political ranters and by well-meaning but badly-informed good men down the road that has brought us to the present situation. There are signs that men all through the country are turning their back on these false leaders and on the false economic doctrines which have been preached and practiced, and are moving towards the road to prosperity, because we are brushing out of the way of this march the men whose teachings have brought such disastrous results.

"It is well to look the situation squarely in the face and to bear in mind that the war is not responsible for the depression from which we have suffered ever since 1907, with the exception of occasional brief spurts of activity. The turn of the people from these false leaders and false economic doctrines, the establishment of a new banking system and the splendid agri-

cultural output of the year, with a heavy demand from Europe for agricultural and manufactured products, have already brought about a change for the better. But this change will not be complete and we will not reach our highest possibilities until as a nation we have completely put behind us the things which brought about industrial depression.

"Among the things thus to be changed will be our tariff, which should be revised upwards that the iron and sugar and other industries so seriously affected by the present tariff, as well as the industries injured by the preceding tariff bill, may again receive adequate protection, and that the Government may receive an income sufficient for its needs without the complicated revenue measures that now afflict the land and give interminable trouble to millions of people.

"Then, too, there must come a change in the decade-long policy of the Government towards business, big and little. There should be a lessening of the power of commissions to throttle railroads and other interests, or else the abolition of commissions. The trend to autocratic beaureaucratic power, which would not be tolerated even in Russia to an extent that it is beginning to dominate our country, must also be changed."

Foreign Banking and Finance

European

LONDON BANK ESTABLISHES PARIS BRANCH.

ADVICES from London tell of the proposed opening of a Paris branch of the London City and Midland Bank. For this purpose a small, new company will be formed by the bank, following the precedent of Lloyds Bank, while the London County and Westminster Bank also has its own institution in Paris.

Although the present would hardly appear to be a good time for entering into new engagements in the banking world, the London-Paris exchange business is evidently profitable, and naturally the presence of large numbers of British troops in France increases the volume of financial business between the two countries. Incidentally, it may be mentioned that Cox's Bank, a well-known private institution, which does a large military banking business and is the recognized bank for officers of the army, has recently opened a Paris branch.



PUBLICATION OF GOLD HOLDINGS.

FOR some time the London banks have been considering the propriety of publishing their gold holdings. Speaking on this subject at the recent annual meeting, Sir Edward Holden, chairman and managing director of the London City and Midland Bank, said:

"At our last meeting it was said that we should this year disclose the amount of gold held by this bank, and we have done so. It had taken several years to accumulate this gold, but when we have seen the Germans taking bar gold from year to year, we have ourselves, rather

than let all of it go to Germany, nearly every week taken a portion for our own vaults. Knowing what he did of the gold question in this country, he should say there must be in the banks of the bankers at least 50 millions sterling of gold, and he could not understand the hesitancy displayed by them in showing it in their balance sheets. He expressed the hope that the people of this country would continue, at all events during the war, to use as currency the £1 and 10s. notes in place of gold, and allow the gold to find its way gradually into the banks, and that the bankers would not hesitate to make known the amount of gold which they had accumulated."



PROPOSED BANKING LEGISLA- TION IN SPAIN.

THE Secretary of Finance has presented to the Lower House of Parliament an outline of proposed legislation on the subject of new banking corporations.

The proposed law will authorize the Government to invite the Banco de España (Bank of Spain) and the Banco Hipotecario (Mortgage Bank) to join with other banking institutions, within a period of three months after enactment of the statute, to form a banking institution with a capital of not less than 25,000,000 pesetas (about \$4,750,000). This institution will issue stock, will be managed by a council composed of delegates from the associated banks and the president thereof, as well as the president of the council of branches will be designated by the Bank of Spain.

The object of the institution will be to make loans to farmers, manufacturers and merchants. Loans will be for six months, renewable for another six at the

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

rate of interest prevailing in the Banco de Espana. The various forms of collateral are set forth, and include commercial paper and warehouse receipts. The amount to be loaned shall not exceed 300,000,000 pesetas (about \$56,000,000).

The institution will cease business on January 1, 1917, and liquidation must be completed by August 31, 1917; the Government, however, may extend the liquidation period not to exceed one year more.

If the two banks above named do not accept the invitation of the Government as above, the Government will establish two banks, one entitled Compania General de Credito (General Credit Company) and the other Banco Agrícola.

The feature of the proposed legislation is that it will facilitate credit to exporters and importers and stimulate international commerce by legalizing the acceptance as collateral of bills of lading of the merchandise in question or warehouse documents relating thereto.



Australasian

BANKING PROFITS IN 1914.

THE capital of the Australasian banks ranking for dividends last year, including preference shares, was,

according to the latest balance sheets, £21,670,522, and there were some further amounts in course of payment which did not carry dividend, or only partial dividend. The net profits, after deducting all interest on deposits, reached £3,276,865, or 15.1 per cent. upon the above capital, and on the average capital the return would have been slightly greater. But the dividends actually paid amounted to £1,989,417, or an average of 9.18 per cent. on the capital, including preference shares, while £881,500 was added to the reserve funds. In addition, £405,948 of the net earnings were either added to the balances carried forward, or written off premises, or dealt with in other ways.

It will be understood that the figures below do not refer exactly to the year 1914, but to the twelve months, 1913-14, most of the accounts being to June 30 or September 30 last. However, they clearly show the profitable nature of Australasian banking, even though the net profits were not quite so high in proportion as in the previous year. This may be gathered from the following comparison:

	£ 1912-13	£ 1913-14	£
Capital ...	20,943,552	21,680,522	726,970*
Net profits shown ..	3,220,827	3,276,622	55,795*
Pct g. on capital ..	15.4	15.1	0.3†
Dividends paid. ...	1,749,723	1,989,417	239,694*
Pct g. on capital ..	8.36	9.18	0.82*
Added to reserves ..	1,066,500	881,500	185,000†

*Increase. †Decrease.

Since the war broke out there has been a distinct tendency to keep larger unappropriated balances in hand, but the dividends have not suffered. Many of the banks do not show their working costs. But it is certain that their expenses have increased by reason of increments in salaries and higher taxation. A perusal of these returns, however, shows that they have been well able to stand that increase. Of course,

the working capital of these institutions is not only for £21,680,522, but, including £15,100,000 of reserve funds and other balances, they are operating with over £37,000,000 of shareholders' funds, and upon that total the net profits are 8.8 per cent., and the dividends only 5.4 per cent.



Latin-America

PRESENT CONDITIONS AND PROSPECTS IN ARGENTINA.*

BY CARLOS A. TORNQUIST, of Ernesto Tornquist & Co., Ltd., Buenos Aires.

THE European war has caused a general economic revolution whose consequences nobody can foresee, as no equal case has existed in the history of the world, and everything that can be said is merely simple supposition. On one point, however, all agree, and that is that the countries at war, whether conquerors or conquered, will be completely ruined, and the conquered, whoever they are, will not be in condition to pay heavy sums for indemnity. This war is being carried on principally on the basis of the printing of bank notes, and that when we are only at the commencement. What will happen if, as some prognosticate, it should last for one or two years? It is impossible, therefore, to foresee the situation which will be brought about after the termination of the war, nor yet the enormity of the sum that will be necessary to normalize commerce, industry and the fiscal treasuries. From this chaos there will arise perhaps an Asiatic country, and, quite certainly, some American countries, and, in first place, the Argentine Republic, which, on account of the class and special conditions of its products, is called upon to benefit from the situation more than any other country

*Translation published in the "Review of the River Plate" and reprinted from the "Financial Times," London.

NOYES & COMPANY

Established 1879

Foreign Bills
Government and Municipal Bonds

8, Place Edouard VII.

PARIS - FRANCE

in the world, as even the United States cannot export in any quantity the noble products produced by Argentina, as they require them for home consumption. This war not only does not create difficulties for our economic development, as will happen to nearly all the other countries in the world, but, on the contrary, it will stimulate it, and for this reason, the longer the war lasts the more our national economy will gain at the expense, sad as it is to say it, of the countries now at war. While the war lasts, the prices of the majority of our products will not decline, for many of the countries which produce the same goods as we do are at war, and on this account the demand is bound to increase. The first effects of this advantageous situation will bring about the disappearance of what we call here "crisis," but which is nothing more than a "commercial indigestion," brought about by excessive speculation, and which has principally affected speculators, and has done absolutely no harm to pastoral or agricultural industries, which are our principal sources of wealth; and it cannot be said that a country is in "crisis" when its vital forces are in full development. This does not mean, nevertheless, what many erroneously think, that if the next crop is good they will be able, in 1915, to sell their lands in the vicinity of cities and summer resorts and speculative regions at the prices ruling when they purchased them.

IMMIGRATION OF EUROPEANS.

WITH respect to the United States, we must not form illusions for the present that they can send us capital of any consideration, as they are also a debtor country to Europe, and have also to pay their debts there, which will not be renewed on expiry. Once these debts are paid—and I do not believe that they can do it in a few years, as they owe enormous sums—they will then be in a position to send us capital. On the other hand, a favorable factor which might become important, perhaps in the not distant future, is the immigration of the "capitalist" and "capitalist farmer" from Belgium and other European countries, who prefer to liquidate their affairs there and come to Argentina with what remains to them, and so get away from the imposts which of necessity the Government of the conquering or con-

quered countries must impose so as to re-establish their finances. It is a very interesting fact for ourselves that after all large wars or revolutions in Europe in modern times there has been an enormous increase of good immigration to new countries, and especially to America, from which the United States has been the first to benefit, because in that epoch the future of South America was based solely on the gold mines of Peru and the coffee and diamonds of Brazil, while the Argentine Republic was only known by its "sterile Pampa and Patagonia" and its internal revolutions. Today these things have changed and if any country is to interest the capitalist immigrant it will, without doubt, in the first place be the Argentine Republic, because it is in the best condition to receive them, especially if they are convinced that the value of property is not inflated. It is the duty of our Government to make all this known to future immigrants by means of serious propaganda.

Banco de Guatemala

Established
July 15, 1895

Guatemala
C. A.

Directors

ADOLFO STAHL D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSE, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 7,200,288.62
Contingency Fund 3,000,000.00

Foreign Correspondents

New York: Messrs. G. Amstutz & Co.;
Messrs. J. & W. Seligman & Co.; The National City Bank of New York. San Francisco, Cal.: The Anglo & London Paris National Bank of San Francisco. New Orleans: The Whitney-Central National Bank. Mexico: Banco Nacional de Mexico. Paris: Messrs. de Neufville & Cie. London: Deutsche Bank (Berlin). London Agency: London County & Westminster Bank, Ltd. Hamburg: Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne. Messrs. Schroder, Gebrüder & Co.; Mr. Carlo Z. Thomsen. Madrid: Messrs. Garcia Calamarte & Cia. Barcelona: Messrs. Garcia Calamarte & Cia.; Banco Hispano Americano. Milano: Credito Italiano.

Agencies in Guatemala

Antigua	Puerto Barrios	Escuintla
Jutiapa	Zacapa	Mazatenango
Pochuta	Coban	Ocosingo
Catepeque	Retalhuleu	Tumbador
Livingston	Salama	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

CROPS AND PRICES.

I AM not going to take the calendar year as the base for my demonstration, but the commercial year, from October 1, 1914, to September 30, 1915, as this is the most practicable, being the period for the exports of our crops for a year, including the first shipments of wool, and, generally, the last shipments of maize. I will now go into a few figures, which, although problematical, will serve to justify my prognostications. The crop is at present an unknown quantity, as frosts, inopportune rains, and locusts can do it much damage. Then we shall have to struggle against the lack of tonnage for exporting our crop, but we should not forget that whereas to export with regularity is for us an economic question, for the belligerent countries, purchasers of our produce, the matter is of vital importance, as it is a material question not to die of hunger, and of indispensable

necessity to be able to carry on the war, so that those countries are even more interested than ourselves that we should be able to dispose of the necessary means of transport. We take as our basis of the probable assets of our balance of payments an exportation to the value of \$580,000,000 gold. At first sight this figure appears high, but let us analyze it. Our record of exports was in 1912-13 \$513,500,000 gold, of which \$306,000,000 corresponded to cereals and the remainder to produce not affected by locusts, droughts, rain or frost—that is to say, the crop of that year represented \$306,000,000 gold for produce exported, and we will suppose \$104,000,000 remained in the country, making a total of \$410,000,000. If the crop of this year should be 25 per cent. less than our "record" crop, we should have "at the prices of that time" \$307,000,000 as the value of the harvest, and there would remain, deducting what the country requires for consumption and seed, over \$200,000,000 for export. But the actual prices and those in perspective are 25 per cent. higher than the others, so that would give \$250,000,000 for export of cereals, besides which there are the other products—meat, wool, hides, tallow, etc.—which then represented a value of \$207,000,000 gold, and which to-day are worth 20 per cent. more—that is to say \$250,000,000 gold—making a total of \$500,000,000 gold. To this we must add the value of 2,500,000 tons of maize, the

balance of last year's crop, which remained to be exported on October 1, 1914; the possible value of the export of horses; the value of the sugar exported, which is more than 60,000 tons, and which will probably be duplicated; the export of woven goods—ponchos, cloths, etc.—and articles of saddlery and tanned goods for the European Governments; alcohol and other products of lesser importance which come under the heading of extraordinary exports.



ESTIMATE OF ASSETS.

IT would not, therefore, be at all extraordinary if we reached \$600,000,000, or even passed that figure, which will be the case if our harvest exceeds our estimate. It is impossible to say how much this figure will be if the crop were to equal in quantity that of 1912-13, which from the actual prospect should not be overlooked, as it is possible that it will affect prices, but it will assuredly raise the assets to a figure between \$650,000,000 and \$700,000,000 gold, but we will keep the figures at the \$580,000,000 gold before indicated so as not to be called optimistic. If the crop turned out to be a "bad" one—that is to say, that it failed in certain parts, as due to the great extension of area it is not possible to-day for a whole crop to be lost—and it only results in 50 per cent. of that of 1912-13, we should still

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Authorized Capital,	\$5,000,000.00	Paid-up Capital	\$1,000,000.00
Reserve Fund,	100,000.00	Special Reserve Fund,	328,979.25

DIRECTORS

J. MAURICIO DUKE	RAFAEL GUIROLA D.	FRANCISCO DUEÑAS
J. MAURICIO DUKE h.	MIGUEL YÚDIGE	Manager, F. DREWS

CORRESPONDENTS

London: The Anglo-South American Bank, Ltd., with which is incorporated The London Bank of Mexico & South America, Limited. Paris: Comptoir National d'Escompte de Paris; Perier & Cie. Hamburg: Deutsche Bank Filiale Hamburg; Conrad Hinrich Donner; Carlo Z. Thomsen; The Anglo-South American Bank, Ltd. Barcelona: Banco Espanol del Rio de la Plata; Garcia-Calzamarte & Cia. New York: G. Amsinck & Co.; Bloom Bros. San Francisco: The Anglo & London Paris National Bank. Mexico: Banco de Londres & Mexico. Guatemala: Banco Internacional.

obtain a total value of \$205,000,000, and there would remain, after deducting the necessities for home requirements, \$100,000,000 gold for export, calculated on prices of two years ago; but in this case the prices would rise much more than 25 per cent., and for this reason the consumption of cereals in the country, as well as imports in general, would show such a marked decrease that the favorable superavit in the balance of payments would never completely disappear.



PROBABLE LIABILITIES.

NOW let us look at the reverse of the medal, the liabilities of the balance of payments. I take as my starting point the sum of \$460,000,000 gold, made up as follows:

(a) Imports.—The total in 1912-13

was \$420,000,000 gold, and for 1913-14 \$331,400,000 gold, but since 1912 our country has modified its customs, perhaps obliged by circumstances, perhaps by the ambient, as to-day the waste on luxury does not exist as before, and the import and retail trade is full up with merchandise. We shall not require to import sugar in large quantities as took place in previous years; neither shall we require railway material nor building material, nor motor cars, nor articles of luxury, which even in 1913-14 were imported in considerable quantities. Naturally, it is impossible to fix up to what point imports are likely to increase once the situation of the country improves, but if we take into account that in the quarter from July to October last, which is generally the quarter of heaviest imports, these only amounted to \$56,000,000, we shall not be very far from the truth if we quadruple these figures and add 10 per cent., so that we arrive at the sum of \$246,000,000 gold, to which I add 10 per cent. in consideration of the fact that custom house valuations are lower than the real value. This makes another \$24,000,000, giving the total of the imports as \$270,000,000 gold.

(b) Service of the public debt payable abroad, \$50,000,000 gold.

(c) Interest on Cédulas and on capital placed by foreign companies on mortgage, \$31,000,000 gold.

(d) Interest and dividends on foreign capital in railways, \$42,000,000 gold.

(e) Interest and dividends on other foreign capital, \$27,000,000 gold.

(f) Savings of immigrants and emigrants, \$34,000,000 gold.

(g) Expenses of Argentines abroad (from October, 1914, to September, 1915), \$6,000,000 gold.



BALANCE IN ARGENTINA'S FAVOR.

THE writer gives in detail the reasons for his estimates of the liabilities, and, continuing, says:

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LONDON:

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BERLIN:

L. Behrens & Soehne

MADRID:

Garcia, Calamarie y C.

The sum total of all these items is \$460,000,000 gold, so that we have:

Assets	\$580,000,000 gold
Liabilities	460,000,000 gold
Total balance	\$120,000,000

in favor of the Argentine Republic, a sum which can be increased if the harvest is very good and imports are less than I estimated, and decreased if the harvest is bad and imports greater than \$246,000,000 gold. From this it will be seen that if my calculations are confirmed Argentina will receive from abroad the sum of \$120,000,000 gold for balance of accounts for the commercial year of 1914-15. To demonstrate the importance of this fact I will mention that for the year 1913-14 the balance was \$185,000,000 against Argentina; in 1912-13 it was \$200,000,000 in contra, and in 1911-12 \$202,000,000 in contra, so that compared with the three previous years Argentina will have a difference in its favor in the balance of payments of \$300,000,000 gold!

What do these figures signify?

One hundred and twenty million dollars in gold is equivalent to the service of the national debt for two and one-half years, and is more than half the amount actually deposited in bullion in the Caja de Conversion. It also represents the half of all that the country owes abroad for mortgages. On the other hand, \$300,000,000 are three-fourths of all our national external debt,

are two annual national budgets, as well as the total value of a good harvest. Practically speaking, it results that the Argentine Republic will receive with these \$120,000,000 gold a sum which exceeds the average of the new foreign capital which has come to the country in the last few years, which will compensate for the absence of capital which formerly came to the country seeking investment, and will contribute to develop the economic forces of the country. Outside of this \$120,000,000 gold it is logical to imagine that some capital will come, as some railways and other foreign companies have recently made issues abroad, and others will place their profits here. There are also the various financial operations of the National and Provincial Governments and the Municipality of the capital for the payment of debt services, or to consolidate the floating debt, for although money does not come to the country, this will diminish by these operations the emigration of capital in respect of items B, D and E of the balance of payments—that is to say, the dividends and interest on foreign capital placed in commercial enterprises and railways, and thus also the service of external debt, which otherwise would have to be remitted, and all of which I have not taken into account. Besides, where will Europeans place their savings? In European bonds, which continue to depreciate on account of the issue which

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will have to be made for the war debt and to consolidate the monetary situation? Assuredly more money will come here than many believe, in search of investment. The United States, with its new monetary law, does not require as much as before. To Brazil and Chile it will not go for some time, neither to Mexico nor the Balkans.



HOW MONEY WILL ENTER.

AN interesting point is the manner in which these \$120,000,000 will come into the country.

It should come in the form of Argentine bonds (*Cedulas* principally), and in coined gold all that is not employed to cover debts payable of our commerce and industry to European banks and manufacturers, which sums cannot be very considerable, although it is difficult to fix them. With respect to the floating debts of the Governments, these cannot be remitted, as there will be nothing to do it with, and the compromises will inevitably have to be renewed in some form or other until consolidation is brought about. These sums can also be compensated with the foreign mortgages which expire and which must be canceled with remittance, but I do not believe that these will reach a large figure, because, starting from the base of the existence of \$350,000,000 gold of European capital invested in Argentina in mortgages, and the period of these mortgages being for an average of seven years, a seventh part of this total of \$350,000,000 would only represent \$50,000,000 per annum, and it is to be supposed that the companies will grant renewals to all their clients who have complied with their obligations for the reason that they cannot find a better investment in any other part for their capital, and it will not suit them for mere patriotism to reimburse their bonds of $4\frac{1}{2}$ or 5 per cent.; if they did not do this a general protest would be raised against these foreign companies for the great harm that they

would occasion the country. So that the sum which by this conception would emigrate must be of relatively little importance, and assuredly would not be more than 25 per cent. for these \$50,000,000 gold for the year under review, for until the effects of a favorable reaction are felt, the greater part of the debtors for expired mortgages will not be in a position to repay the capital. With respect to the other debts, there are few of immediate realization, because the greater part is immobilized in industries, electricity, navigation companies, etc., which cannot return what they owe except out of their future profits.



BENEFIT TO ARGENTINA.

WHAT will be the consequence for the Argentine Republic of this reaction?

In the first place, it will bring about an improvement of the general ambient, and with this confidence will return the animation of capitalists, lenders and commerce, and the public will take back to the banks the money which they have now hidden away in safes and even in mattresses, which was withdrawn from the banks when the war broke out for fear that they would close. The reaction will bring about an investment of savings in Argentine revenue-producing bonds instead of in purchases of land on monthly payments; it will bring about a reduction in interest, and as a consequence of this an abundance of money, which will stubbornly withstand speculation in land. The movement of the Stock Exchange will reawaken—it has been dead since 1906—and there will be money for mortgages and business, replacing that which came from abroad and which has to be repaid. All of this will bring in time an immigration of *Cedulas* of our external debt bonds and of railway and industrial shares. What will probably not take place for several years, perhaps for many, is what I mentioned at the commencement—namely, that land and other objects of specula-

tion which do not produce anything will rise to prices which their owners dream about and pretend to obtain, as neither banks nor capitalists will invest their money in such objects, neither will they stimulate speculation, all of which are circumstances which will contribute to develop the economic forces of the country and to foment its industries and its commerce until there arrives for the Argentine Republic the psychological moment of being able to produce all that it consumes—that is to say, become self-supporting without having to fall back on European industry, a situation at which the United States of North America have arrived after great efforts.



URUGUAYAN BANK NOTES.

A LAW has been enacted in which the convertibility of bank notes of the Republic of Uruguay was postponed until three months after the European war has been terminated by a peace treaty.



THE LOAN TO ARGENTINA.

COMMENTING on the recent loan made by a New York bank to Argentina, "La Argentina Economica" of Buenos Aires makes some very sarcastic allusions to "the northern invasion,"

and characterizes the interest rate on the loan in question in rather strong terms. And the "South American Journal," London, also finds fault with the rate and the terms of the loan, saying:

"If these are any criterion of what other South American borrowers are expected to accept, it is obvious that only those in most urgent need—in fact, only when their requirements are most pressing—will go to the United States to get their wants supplied. * * * It will be noticed that the terms—especially considering the credit of Argentina—are particularly onerous; but that is not all, for a condition is introduced and stamped on each note, which is quite an innovation, for it provides that the Argentine nation covenants that, during the life of this loan, no more favorable terms as to security will be given on any other loan of the Government without equally securing this loan, both as to principal and interest. * * * What will naturally occur to those interested in South American affairs is, that if the United States bankers are only prepared to arrange a loan of £3,000,000 for Argentina on such terms, what would be their demands from other South American governments whose credit was less than that of Argentina? However, none but those in a very precarious state would surely care to borrow in the United States, which implies that the belief that the obliging Yankee would finance British interests in South

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

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GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais; Comp. toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Com. merz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

America on reasonable terms while the war lasts is a fallacy."

Possibly the limited experience of American bankers in relation to Argentine financing may have rendered them more timid than the British bankers have been. And possibly also the very unusual conditions prevailing had a great deal to do with the terms of the loan.

Perhaps these statements, clipped from the same number of the "South American Journal" from which the foregoing was taken, may also throw some light on the subject:

"The past year (says a local contemporary) was certainly the most disastrous that Argentine commerce has ever passed through. The liabilities of all the failures amounted to over 430 million dollars, whilst the assets amounted to nearly 604 million, according to the balance sheets presented by the firms, etc. Unfortunately, this surplus of nearly 175 million dollars was only such on paper, for many of the assets consisted of real estate, figuring in the balance sheet at its purchase price, which more often than not was boom price, and when liquidation took place creditors were lucky if in the general average they obtained 50 per cent. of their credits. In 1913 the liabilities of the failures amounted to 173 million dollars, whereas in 1910 they were only 44 millions, so that in five years the total amount represented by failures of all classes has increased tenfold. From now onwards we may expect steady decreases in this direction, as it is the general opinion that the country has now passed the worst stages of its 'commercial indigestion' and is on the highway to recovery."

The returns for the past five years have been:

Year.	Assets.	Liabilities.
1910	45,915,722.49	44,228,869.70
1911	64,010,523.38	63,425,000.79
1912	95,012,018.67	82,428,035.00
1913	200,322,244.38	172,691,209.83
1914	603,822,608.58	420,562,051.74

Of course, commercial failures are not the index of national credit, but they do somewhat reflect local business conditions; and when these are not reassuring, a high interest rate for Government loans is not unusual. But with Argentina's high credit, even if local business were more normal, under the prevailing uncertainty due to the European conflict advantageous terms for foreign loans can hardly be expected.



COINAGE OF SILVER MONEY FOR COLOMBIA.

THE Government of Colombia has decreed the coinage of \$2,000,000 in silver coins of the denomination of one peso (or \$1) and of half a peso (or fifty cents).



New Counterfeit \$10 National Bank Note

ON the Second National Bank of Boston, Mass.; series of 1902; check letter "G;" J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States; charter number 322; back number 37931; Treasury number E294476A; portrait of William McKinley.

This is a photographic production on two pieces of paper with fine silk threads distributed between them. No attempt has been made to color the seal or numbering on the face of the bill. It is a poor counterfeit.

Banking and Financial Notes



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EASTERN STATES

New York City

—William F. Fitzsimmons has been appointed assistant cashier of the Merchants Exchange National Bank.

—Alfred M. Barrett, until recently with the Guardian Trust Company, has gone into business on his own account as a dealer in securities, with an office at 165 Broadway.

—Times like those through which the country has recently passed bring to light some of the services rendered by financial institutions. In this respect

the report presented by Willard V. King, president of the Columbia Trust Company, to the stockholders is of unusual interest.

"We subscribed," says Mr. King, "\$1,535,000 toward the fund to meet the obligations of New York city, although this subscription involved our placing \$1,230,000 in gold at the disposal of the city at a time when gold was unusually precious; we subscribed \$535,340 in gold toward the fund to provide for the payment of other American debts abroad; we subscribed \$1,000,000 toward the national fund to provide loans upon cotton, and \$100,000 toward the loan fund to facilitate the reopening of the New York Stock Exchange.

"The net earnings of the company from June 6, 1912, to December 31, 1914, approximately two and a half years, have been \$2,027,981, equal to forty per cent. per annum on the \$2,000,000 capital; or, to state it more fairly, 8.7 per cent. upon the \$9,000,000 capital and surplus. This is after deducting all losses except depreciation in real estate and securities—an item which has been unusually large during that period. During the first two years this was partly due to declining railroad credit and partly to higher cost of capital. A further and more serious fall in prices resulted from the European war. These declines we have met from time to time as they occurred, charging our securities down to the market quotations; and while these inroads into our earnings have been discouraging, at least by facing them promptly we have prevented an alarming accumulation."

—The Fourteenth Annual Banquet of New York Chapter, American Institute of Banking, was held at the Hotel Biltmore, Saturday evening, February 13, with over seven hundred members and guests in attendance. Mr. O. Howard



Wolfe, president of the chapter, presided as toastmaster. After welcoming the guests, Mr. Wolfe stated the reason for holding the annual feast as an opportunity for the chapter to give an account of itself. Mr. Wolfe further stated that bankers who are not acquainted with the organization and regard the chapter as a social club, should know that most of the time is given over to learning. The aim is to offer to New York bank men the best that can be secured in the theory and practice of banking and in knowledge of commercial law. One hundred men will graduate from New York Chapter this year and receive the institute certificate. During the past year there was selected from active membership one man as president of a bank in Syracuse, one as vice-president of a bank in Boston, another as expert under the Federal Reserve Board, and a few days ago another man left to occupy an executive position in Los Angeles. We need in this country, Mr. Wolfe said, to make a success of banking, men—not measures. The Federal Reserve Act is not a cause, it is an effect and it need never have been written if some bankers had not been ignorant or unmindful of their responsibilities. For every bank that has failed through dishonesty, one hundred have failed through ignorance and lack of ability on the part of bankers.

William S. Evans, national president

of the institute, spoke of the institute as standing for big things in finance and of its 15,000 members scattered throughout the country who are made up of ambitious determined young men feeling an interest for a closer inquiry into their daily business and grasping the opportunities afforded by the institute.

Benjamin Strong, Jr., Governor of the Federal Reserve Bank of New York, made a brief address, and among other things called attention to an article which recently appeared in a New York daily newspaper to the effect that there was no longer a very great inducement for young men to seek employment in banks in New York; that the ranks were pretty full, advancements low and the salaries small. Mr. Strong took exception to this article because the records show that banking resources of New York city double every fifteen years and that in itself is a complete answer to the statement that banking opportunity is lacking in New York.

Prof. Jeremiah W. Jenks of New York University spoke on the growing tendency toward government ownership and management.

William E. Knox of the Bowery Savings Bank furnished the humorous feature of the programme, and in a delightful manner presented many stories and epigrams to the great enjoyment of all in attendance.

—While all the emergency currency issued in New York under the Aldrich-Vreeland Act has been retired, the following history of the emergency operations, taken from the New York "Journal of Commerce," makes a valuable record:

The total amount actually issued was \$144,975,960. All of the currency has been retired, the last cancellation being dated January 25.

The executive committee handled collateral amounting to \$650,610,800, of which 59 per cent. consisted of commercial paper and the balance of bonds and securities. Under the Aldrich-Vreeland law, as amended, the New York banks could have taken out additional circula-



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tion to the amount of \$302,905,000, but they availed themselves of only about 48 per cent. of this maximum.

The expenses of the association, aggregating approximately \$10,000, are to be paid by the banks by an assessment in proportion to their capital and surplus. The chief item of expense is a charge of about \$4,000, made by Charles Starek, national bank examiner, who represented John Skelton Williams, Comptroller of the Currency, and approved of the collateral submitted by the association from time to time. The other expenses consisted of payments for clerk hire, printing, postage, telegraph and rental of vault space.

The committee began its sessions on August 1, 1914, and completed its work on February 3, 1915, having held a total of forty meetings, as follows: Thirteen daily and three semi-weekly in August, nine semi-weekly meetings in September, seven semi-weekly in October, four semi-weekly and one weekly meeting in November, one meeting in December and two meetings thereafter at the call of the chair.

Emergency currency was issued to thirty-two of the forty-one members of the association.

Applications for emergency currency were first approved on August 3, 1914, and from that date until the last approval, October 6, 1914, an aggregate of \$145,298,960 was approved by the committee and the Treasury Department. The largest amount of approved applications outstanding at any one

time was \$144,975,960 (\$323,000 having been withdrawn before currency was issued), on which date \$190,805,890 in collateral was held by the committee.

"The largest amount of emergency currency in circulation at any one time was \$187,012,260 on October 21, on which date there were outstanding approved applications to the amount of \$142,800,960.

"There passed through the hands of the committee, including original deposits and substitutions, both withdrawals and deposits, collateral amounting to \$650,610,800, of which \$382,994,800, or 58.87 per cent., consisted of commercial paper; \$267,616,000, or 41.13 per cent., bonds and securities. The highest amount of applications approved on any one day was seventeen, on December 7, secured by commercial paper amounting to \$14,745,000 and bonds \$14,529,000.

"The total number of applications approved was 129; the largest number approved on any one day was fourteen, on August 4, amounting to \$14,311,950; daily average of applications approved in sessions for that purpose was \$2,641,798.

"The first cancellation was approved October 13, amounting to \$2,000,000, and the last January 25, 1915. The total number of withdrawal applications approved by your committee and the Treasury Department was 283. The largest number approved on any one day was seventeen, on December 7, amounting to \$17,850,000. The daily average

of applications approved for cancellation of currency after October 13 was \$1,681,482.

"The maximum amount of emergency currency that could have been issued under the approval of the Secretary of the Treasury by the New York Association was \$302,905,000, which, in accordance with the Aldrich-Vreeland act of May 30, 1908, and as amended, is 125 per cent. of the combined capital and surplus of the member banks, amounting to \$242,324,000, showing that the New York City Association availed itself of but 47.86 per cent. of the total amount which, under the law, was possible to issue.

"The following table summarizes the matter:

Date, 1914—	Applications approved by committee.	Withdrawal applications approved.	Balance currency Outstanding
August 3-15	\$82,323,910	.....	\$82,323,910
August 15-September 15.....	57,750,650	.....	140,074,560
September 15-October 6.....	5,224,400	*\$323,000	144,975,960
October 13-October 15 .....	.....	*2,050,000	142,925,960
October 15-November 15 .....	.....	46,633,130	96,292,830
November 15-December 15 ....	.....	71,823,220	24,469,610
December 15-January 25 .....	.....	24,469,610	.....
Total	\$145,298,960	\$145,298,960	.....

The National Currency Association of New York was organized on July

29, 1910. Its present membership consists of forty-one national banks, located in Manhattan, Bronx, Queens, Brooklyn, Richmond and Long Island. The officers are: President, Frank A. Vanderlip, of the National City Bank; vice-president, Richard Delafield, of the National Park Bank; treasurer, Alexander Gilbert, of the Market and Fulton National Bank, and secretary, Edward Townsend, of the Importers & Traders' National Bank. The executive committee is composed of William Woodward, of the Hanover National Bank, chairman; Francis L. Hines, of the First National Bank; James S. Alexander, of the National Bank of Commerce; Albert H. Wiggin, of the Chase National Bank; Gates W. McGarrah, of the Me-

* Note—Three hundred and twenty-three thousand dollars and \$50,000 of October 13 were canceled before currency was issued.

chanics & Metals National Bank; Frank A. Vanderlip and Richard Delafield.

—Deposits of the American Exchange National Bank, as shown by the Comp-

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City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,925,000

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ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS.

troller's call of March 4, were \$71,773,948.88, the highest figure ever reported, and representing a remarkable rate of growth, as may be seen from the comparative statement below:

Average Deposits Comptroller's Calls.

1900	\$30,523,685.36
1903	30,683,281.01
1906	33,952,874.08
1909	35,952,933.98
1912	52,947,300.38
1914	65,330,722.30
1915 (March 4) ...	71,773,948.88

This growth has been achieved without absorbing or consolidating with any other bank.

The complete statement of the American Exchange National Bank on March 4, 1915, is given herewith:

Resources.

Loans, discounts and investments	\$57,465,002.59
U. S. bonds and other securities to secure circulation and postal savings deposits	6,634,480.94
Due from banks and bankers and trust companies	1,553,957.49
Five per cent. redemption Fund	184,500.00
Due from U. S. Treasurer....	52,000.00
Reserve in Federal Reserve Bank	5,861,121.14
Cash and exchanges for clearing-house	15,384,749.79
Total	\$87,035,811.88

Liabilities.

Capital stock	\$5,000,000.00
Surplus fund and undivided profits	5,123,807.20
Circulation	3,683,000.00
Time acceptances	1,415,600.00
Letters of credit	39,455.80
Deposits	71,773,948.88
Total	\$87,035,811.88



Philadelphia

—At the annual banquet of Philadelphia Chapter of the American Institute of Banking on the evening of March 6, the speakers included Prof. E. S. Rowe, Elbert Hubbard and Clarence

THE GARFIELD NATIONAL BANK

Fifth Avenue Building

Corner Fifth Ave. and Twenty-Third Street.

NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLAS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cashier
JOHN W. PEDDIE, Asst. Cashier

DIRECTORS

Charles T. Wills	Morgan J. O'Brien
Ruel W. Poor	Thomas D. Adams
Samuel Adams	Robert J. Horner
Wm. H. Geishenen	A. Pagenstecher, Jr.
Frederick T. Fleitmann	

W. Barron. John H. Mason, vice-president of the Commercial Trust Company, acted as toastmaster and the guests of honor were William A. Law, president of the American Bankers' Association, and W. S. Evans, president of the American Institute of Banking.

—Hereafter the First Mortgage Guarantee and Trust Company will be the Robert Morris Trust Company—named in honor of the Financier of the American Revolution.

—Banks of this city have retired the last of their emergency notes. The total issued was about \$11,560,000.

—Several hundred local and visiting bankers were present at the annual banquet of Group One of the Pennsylvania Bankers' Association at the Bellevue-Stratford, on the evening of February 5, Joseph Wayne, Jr., president of the Girard National Bank, presiding. Mr. Wayne expressed the view that the Federal Reserve Banks should confine themselves to their proper functions as reserve depositories and institutions of rediscount. Speaking of bank examinations, he said: "What we need is more

competent and reliable work on the part of the department at Washington and not more laws for the regulation of banks."

—Fifty years of business is now the record of the Central National Bank, with never a miss in dividends.

—Between the Comptroller's calls of December 31, 1914, and March 4, 1915, total resources of the Philadelphia National Bank showed a gain of over \$17,000,000. Deposits went up from \$50,000,000 to \$66,000,000. It will be interesting to set some of the figures from these two statements side by side:

	Dec. 31, 1914.	March 4, 1915.
Loans and discounts.	\$34,013,061	\$43,991,610
Deposits	50,254,021	66,023,254
Surplus and profits.	4,887,670	5,061,777
Total resources.....	60,951,081	78,113,061

**An Alabama Bank
was well located in a
rich farm district, but
its business showed
no healthy growth.**

Consultation with Collins Service developed a campaign that, in two years nearly doubled deposits and more than doubled depositors. Writes the cashier; "These results can in large measure be ascribed to your plan of follow-up publicity."

**COLLINS
PUBLICITY SERVICE
PHILADELPHIA**



IF intelligent handling of items and low rates appeal to you send us your **BUFFALO BUSINESS**

Resources, \$10,000,000.00

A. D. BISSELL, President
C. R. HUNTLEY, Vice-President
E. H. HUTCHINSON, Vice-President
E. J. NEWELL, Vice-President
HOWARD BISSELL, Cashier
C. G. FEHL, Asst. Cashier
A. J. ALLARD, Assistant Cashier
G. H. BANGERT, Assistant Cashier

Pittsburgh

—In its monthly letter dated March 1 the People's National Bank does not find conditions among the railways and industries satisfactory, but nevertheless calls attention to the fact that there are many favorable elements in the situation. The concluding paragraph of the letter says:

"In volume, quality and monetary value, last year's agricultural products were the greatest in the history of the country. Our financial exchanges with foreign nations have turned completely in our favor. The visible and invisible debt balance of last year has become an actual credit balance. As a result, gold was imported last month for the first time in nearly a year, and were it not for a special agreement among international bankers, much more of the metal would be flowing hither. Finally, the domestic money market is unusually comfortable from the borrower's standpoint. These are strong basic factors in favor of the United States, but their full play is restrained by a war that is either destroying or impairing human life at the rate of ten million men a year, and absorbing capital at the rate of ten billion dollars a year. In the face of such tremendous consequences, common prudence dictates that even neutrals proceed with conservatism."



—At the regular meeting of Albany

Chapter, A. I. B., on February 18, Jacob H. Herzog, vice-president of the National Commercial Bank of Albany, spoke on the subject of "The Collection of Checks Under the Federal Reserve System." Mr. Herzog said in part:

"The collection of checks is a function that requires careful supervision and expert analysis. Sometimes you will find that an account that has \$100,000 in collections monthly is a losing proposition to the bank, while one that has but \$1,000 is a paying one. I have been to New York two or three times in the past couple of weeks to meet the members of the Federal Reserve Board, and am able to give you some inside information in regard to the anticipated clearing of checks for member banks. I am weaned of the idea that this is a Government bank, and feel now that it is our bank and that we must put forth every effort to make it a magnificent success, not alone for the money we have put into it, but for the fact that it is ours and that its success is our success."

The annual dinner of Albany Chapter, arrangements for which were discussed at this meeting, will be in charge of Mr. Reynders of the National Commercial Bank, Mr. Ehrhardt of the Albany Trust Company and Mr. Corrie of the New York State National Bank. It is reported that the dinner will be held either on March 18th or March 25th.

—The First National Bank of Greenport, N. Y., recently completed its fiftieth annual report. When the First National Bank of Greenport was organized there were few national banks in rural districts in New York State. In the fifty years there have been only nineteen directors. Grosvenor C. Adams, who is president, is the oldest living president in point of service among national bankers in the group which comprises this section of the State. Mr. Adams is in his fortieth year as an officer of the bank, having been elected as assistant cashier on October 12, 1875.



4918

8-23

Western National Bank

PITTSBURGH, PENNSYLVANIA

Capital
\$1,000,000

Surplus and Profits
\$475,000

Resources
\$7,000,000

CHARLES McKNIGHT, President

D. G. STEWART, Vice-President

GEORGE S. MACRUM, Vice-President

H. C. BURCHINAL, Cashier

RALPH V. HUKILL, Assistant Cashier

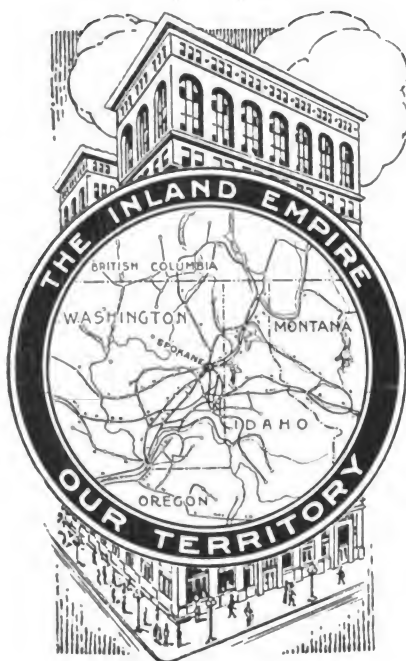
GEO. H. GERWIG, Assistant Cashier

B. J. McCONNELL, Secretary

This bank is thoroughly equipped to handle all business pertaining to banking, and invites the accounts of banks, corporations, firms and individuals.

Special attention given to collections and offers every facility and the attention of its officers of long experience in the treatment of all items entrusted to it.

We make a specialty of handling Pittsburgh and Western Pennsylvania items in bulk.



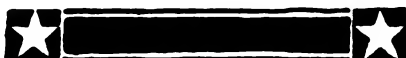
The Old National Bank of Spokane

WITH direct connections in every banking point throughout the "Inland Empire"—a region three times the size of Alabama, of which Spokane is the financial and railroad center—The Old National has the facilities to collect your Pacific Northwest items with exceptional economy and dispatch.

OFFICERS

D. W. TWOHY, *President*
T. J. HUMBIRD, *Vice-President*
W. D. VINCENT, *Vice-President*
J. A. YEOMANS, *Cashier*
W. J. SMITHSON
G. H. GREENWOOD J. W. BRADLEY
Assistant Cashier

RESOURCES : \$13,000,000



His father, G. S. Adams, was the first president of the bank.

—A new colonial brick structure with marble trimmings is now occupied by the Commercial Bank of Arlington, Md.

—Maryland bankers will hold their annual convention at Cape May June 22-24.

—Pending the completion of its fine marble building, the Valley National Bank of Chambersburg, Pa., has moved to temporary quarters in the old post-office building.

—Delaware State Bankers had their annual meeting in Wilmington on February 10. They discussed the rate of interest on deposits, and proposed amendments of the State banking laws in regard to the rate of interest and for permitting State banks and trust companies to join the Federal Reserve system.

The following officers were elected: President, J. B. Smith, president First National Bank of Milford; secretary and treasurer, Caleb M. Sheward, vice-president Wilmington Trust Company; executive committee (three year term), John Richards, Jr., president, First National Bank of Dover.

John S. Russell, vice-president of the Security Trust and Safe Deposit Company of Wilmington, was chosen as vice-president from Delaware to the American Bankers' Association. Dr. W. P. Orr, president of the Sussex Trust Company of Lewes, was chosen vice-president of the Trust Company Section of the American Bankers' Association.

Former Senator A. B. Connor of the First National Bank of Dover, was elected a member of the general nominating committee of the American Bankers' Association, and Wilmer Palmer, president of the Wilmington Savings Fund, alternate.

—Property has been bought by the Conestoga National Bank, Lancaster, Pa., on which a new bank and office building will be erected.

—A new home for the First State Bank, Canisteo, N. Y., costing about \$20,000, was opened on February 23. It is built of marble and stone and is handsome in design and construction.

—Group Three of the Pennsylvania Bankers' Association dined and discussed things at Scranton, February 11, Hon. Benjamin F. Dimmick acting as toastmaster. Charles F. Moore and Irving Bacheller of New York, and E. J. Cattell of Philadelphia were the prominent speakers.

At the business meeting preceding the dinner, these officers were chosen: Chairman, C. T. Kirschner, vice-president Markle Banking and Trust Co., Hazleton, Pa.; secretary-treasurer, D. A. Atherton, cashier North Scranton Bank; member council of administration, D. G. Rombach; chairman executive committee, Frank Hummler, cashier First National Bank; executive committee, W. E. Lewis, Second National Bank, Wilkes-Barre, Pa.; L. W. Dorsett, cashier National Bank, Sayre, Pa.; G. Fred Kline, cashier National Bank, Lansford, Pa.; James J. Walker, cashier First National Bank, Forest City, Pa.; Wallace M. Ruth, cashier County Savings Bank, Scranton; J. F. Moyer, cashier Lehigh National Bank, Cataqua, Pa.

—Pennsylvania bankers will hold their annual convention at Cape May, N. J., June 17 and 18.



NEW ENGLAND

Boston

—Members of Boston Chapter, American Institute of Banking, had their banquet at the Hotel Brunswick on the evening of February 11, with President Frank W. Bryant in the chair.

J. Randolph Coolidge, former president of the Boston Chamber of Commerce, spoke on our unpreparedness for



Planters National Bank

RICHMOND, VIRGINIA

Capital - - \$300,000

Surplus & Profits \$1,500,000

Total Resources \$8,100,000

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier



**Unsurpassed Facilities for
collecting Items on Vir-
ginia and the Carolinas**



BANKS contemplating improvements should consult us immediately, thereby avoiding errors in planning.

We build banks complete, including interior work, decorations and equipment

Write for suggestions, giving us an idea of what you have in mind.

Bankers Building Bureau

Bureau of factories manufacturing material necessary to complete a modern equipped bank building sold direct to banks, built complete, using highest grade of materials at a conservatively economical price.

We co-operate with your local architect.

106 East 19th Street - - New York

national defence. Hon. Halton W. Summers of Texas spoke on the conservation of the American food supply and on rural credits. E. A. Filene advised the young bankers to mingle freely with their fellow-men, in order to find out what they were thinking. Judge Henry A. Shute, author of "A Real Diary of a Real Boy," told of the difficulty in getting money out of a savings bank. Clarence W. Barron of the "Boston News Bureau," discussed the European war, and President William S. Evans of the American Institute of Banking spoke on the needs and problems of bank men.

—Founded on February 11, 1865, the Union Institution for Savings celebrated its fiftieth anniversary last month with a dinner at which were present the Governor of Massachusetts, the Mayor of Boston and the State Bank Commissioner, and fifty others closely identified with the bank's organization and progress. Dividends have been paid with-

out interruption from the date of organization till now, and never at a lower rate than $3\frac{1}{2}$ per cent., the present rate being four per cent.

—The Bank Officers' Association of Boston held its annual banquet at the Hotel Somerset, Boston, on the evening of January 27. Over 750 members attended the meeting and were addressed by prominent speakers on topics of timely importance. The association now numbers over 1,400 members and is doing an important work. The officers are: Arthur Y. Mitchell, president; Frank B. Lawler, first vice-president; Edwin A. Stone, secretary; Robert E. Hill, treasurer. The directors are: Arthur O. Yeames, Frederic C. Waite, Wm. P. Hart, Bertram D. Blaisdell, Norman I. Adams. The trustees are: Alonzo P. Weeks, Geo. W. Grant and Frederic W. Rugg.

—Deposits in the savings banks of this city, according to returns recently

made to the Bank Commissioner, show that up to October 13 there had been a gain of over \$11,000,000, and that the increase was at about the ordinary rate.

—The Massachusetts Trust Company of Boston, established in 1914, has had a very successful career during the year it has been in business. On its first business day, February 10, 1914, its deposits were \$1,093,268 and one year later it closed the day with total deposits of \$4,256,472, ranking it now well up in the list of Boston trust companies. Besides the main office, located in the heart of the business section at the corner of Federal and Franklin streets, it has established a branch office at 238 Huntington avenue, in the Back Bay section. The executive officers of the company are Edgar R. Champlin, president; Elmer A. Stevens, vice-president, and Charles D. Buckner, treasurer.



JOHN E. WHITE
PRESIDENT WORCESTER NATIONAL BANK
WORCESTER, MASS.

Utah Savings & Trust Company Salt Lake City, Utah

General Banking—Trust—Bonding
Title Insurance—Safety Deposit Vaults

Capital . . . \$300,000
Surplus & Profits, 100,000

OFFICERS:

W. S. McCormick, President
Arthur H. Lund, Vice-President
Geo. Albert Smith, Vice-President
F. M. Michelson, Cashier

**Facilities for thorough
Banking service.**

**Expeditious and intelligent
handling of collections
throughout this inter-
mountain country.**

25 Years Old

—John E. White has assumed his new duties as president of the Worcester National Bank of Worcester, Mass., to which office he was elected recently. Mr. White came to Worcester from the Martha's Vineyard (Mass.) National Bank, where he went as a boy in 1894. He was made cashier of that bank when he became of age and was elected president in 1902. Mr. White has represented his town and district for several terms in the Legislature as Representative and Senator and has been a member of important legislative committees. For more than two years he also served the State as auditor. In the Worcester National, one of the oldest and strongest institutions of that city, Mr. White succeeds Alfred L. Aiken, who recently became governor of the Federal Reserve Bank of Boston.

—Removal of the Manufacturers' National Bank, Lynn, Mass., is an



Capital, \$1,000,000

Surplus, \$600,000

Located at the "Gateway of the South"

Having been established as The State Bank of Virginia 45 years ago, we have served continuously financial institutions in all parts of the South. This long period of successful service has resulted in a banking equipment that is unexcelled at

Richmond, Virginia

Another result of handling the accounts of Southern Bankers for these many years is that we know accurately the needs of financial institutions located in Southern States. Your Southern business solicited. Direct routing of items our specialty. Correspondence cordially invited.

National State and City Bank

WM. H. PALMER, President

JOHN S. ELLETT, Vice-President
J. W. SINTON, Vice-President

WM. M. HILL, Vice-President
JULIEN H. HILL, Cashier

nounced, its new location being the Bergengren Building in Central Square. A thirty-years' lease has been obtained, and the new quarters will be completely equipped for banking purposes.

—Announcement was made a short time since that the improvements in the Central National Bank quarters, Lynn, Mass., were approaching completion. The changes will greatly add to the facilities of the bank, and are a part of the progressive policy of this institution under the direction of President Henry B. Sprague.

—New Hampshire bankers had their mid-winter meeting and banquet last month at Concord, President Lester F. Thurber of Nashua presiding. Governor R. H. Spaulding and Hon. Alfred L. Aiken of the Federal Reserve Bank, Boston, were among the speakers.

—By the recent absorption of the Charter Oak National Bank by the Phoenix National Bank, Hartford,

Conn., the latter's resources are now approximately \$12,000,000. The merger was completed February 18.

—Hartford members of the American Institute of Banking had their annual dinner on the evening of February 23, Geo. F. Kane, president of the chapter, acting as toastmaster. Governor Holcomb and Wm. S. Evans of Philadelphia, president of the institute, were prominent speakers.

—For the purpose of providing space for its new savings department, the Middlesex Trust Company of Lowell, Mass., has rearranged its banking rooms. This institution recently installed the Flak Finger-Print system for the better identification of depositors.



SOUTHERN STATES

—Bankers of the State of Georgia will hold their annual convention at Savannah May 27-29.



Agencies

Write our Trust Department whenever the service of a reliable and efficient agent can save you risk, time and money in St. Louis, the south or the west.

Mississippi Valley Trust Co.

ST. LOUIS

Capital, Surplus and Profits over . . . \$8,000,000

—Illustrations of the new building of the German Bank, Louisville, Ky., show it to be an exceedingly fine and substantial structure, typifying the strength of the bank. It is of the exclusive banking type.

The German Bank was organized in 1869. Its first president was Henry Deppen, who served until 1879, when the present executive, P. Viglini, was chosen. Its directors, too, have been noted for their long service.

—From Athens, Ga., comes the information that the bankers of that city have organized the Athens Bankers' Society for educational and social purposes. It is the purpose to hold semi-monthly meetings. Hugh Gordon, president of the Commercial Bank, is president of the new club; S. Bernstein, of the People's Bank, vice-president; J. C. McClean, of the Georgia National Bank, secretary, and B. F. Tuck, of the Athens Savings Bank, treasurer.

—April 15 and 16 are the dates for the convention of the Louisiana Bankers' Association at New Orleans.

—John K. Branch, the new president of the Merchants National Bank of Richmond has also been elected president of the Richmond Clearing-House Association. Both positions were left vacant by the recent death of John P. Branch.

—Richmond banks closed February 16 in honor of the centenary of peace

between the United States and Great Britain.

—Old Point Comfort will have the convention of the Virginia Bankers' Association June 17-19.

—At the meeting of the Louisville (Ky.) Credit Men's Association on the evening of February 24, Henry D. Ormsby, cashier of the National Bank of Kentucky, spoke on the "Practical Operation of the Federal Reserve Act."

—R. M. Van Zandt, heretofore vice-governor of the Federal Reserve Bank of Dallas, was recently chosen governor to succeed Oscar Wells, who resigned to become president of the First National Bank of Birmingham, Ala.



WESTERN STATES

Chicago

—In these days a bank has much to do besides receiving deposits and lending money. It must extend its service in many directions for community benefit. In line with this service are some instructive pamphlets sent out by the Live Stock Exchange National Bank of this city, dealing with the foot and mouth disease and its eradication. Bankers will no doubt be interested in obtaining these publications and circulating them.

—Bank deposits here show a tendency to increase, the total now being probably above one billion dollars. The Merchants Loan and Trust Company and the Continental and Commercial

the bank and from the board of directors, wishing to regain his health and to look after large personal interests in Texas.

Mr. Edwards was formerly president



B. F. EDWARDS

PRESIDENT CENTRAL NATIONAL BANK, ST. LOUIS

Trust and Savings have recently made very marked gains.



St. Louis

—B. F. Edwards was elected president of the Central National Bank on March 1, succeeding H. P. Hilliard, who resigned from the presidency of

of the National Bank of Commerce and later chairman of the board of that institution. He is one of the best-known bankers of this city and of the Southwest.

The Central National Bank was organized in 1906, and has grown steadily until its deposits are now about \$8,000,000, with \$1,000,000 capital.

—This city will be the place of meeting of the Farm Mortgage Bankers' As-

Capital - \$2,500,000

**FIRST
NATIONAL
BANK**

Deposits, \$36,500,000

CLEVELAND OHIO

Surplus and Profits - \$2,000,000

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

sociation, the date being some time in October.

—Richard S. Hawes, president of the Missouri Bankers Association and vice-president of the Third National Bank of this city, was appointed one of the commissioners to make the annual assay of the United States coins at the Philadelphia Mint.

—The Mississippi Valley Trust Company announces the election of J. Sheppard Smith, long a member of the firm of Francis Bros. & Co., as a director and vice-president, and Chas. F. Herb, heretofore chief clerk of the financial department, has been made an assistant secretary. Louis Werner is a new director, as is also Frederick Vierling, the trust officer of the company.

—W. T. Ravenscroft, until recently president of the Federal National Bank of Denver, has removed to this city and has become vice-president of the St. Louis Union Trust Company.



—Extensive improvements are being made in the new quarters of the Bank of Commerce, Springfield, Mo., a vault ten feet wide by sixteen feet long being an important part of the new equipment.

—At the mid-winter meeting of the executive council of the Wisconsin

Bankers' Association action was taken looking to the more thorough development of the State's resources with the co-operation of the bankers.

A campaign of education will be carried on much the same as the agricultural campaign conducted by the bankers during the last five years. In the last year 30,000 copies of the Wisconsin Bankers' agricultural bulletin were distributed each month, and the association co-operated with the College of Agriculture of the University of Wisconsin in getting educational information to the farmers.

To further the new idea and put the Wisconsin money into farm mortgages and securities the Wisconsin Mortgage and Securities Company has been organized with sixty country bankers as stockholders. Mortgage collateral bonds will be issued by the company based upon first mortgages upon Wisconsin farms.

—For some six months work has been progressing on the new banking rooms of the Trumbull Savings and Loan Company at Warren, Ohio. This work is now completed, and the bank occupies the ground floor of the three-story building.

The Trumbull Savings and Loan Company has the distinction of being the first incorporated company in Trumbull County, organized to pay interest to depositors on savings and to lend money for the purpose of building homes. Success has attended the venture. Since 1889, when the company

The Union National Bank

CAPITAL
\$1,600,000.00

Cleveland, O.

SURPLUS AND PROFITS
\$1,000,000.00

G. A. COULTON, President

W. E. WARD, Vice-President

W. C. SAUNDERS, Cashier

E. E. CRESWELL, Asst. Cashier

F. W. COOK, Asst. Cashier

A. E. CHRISTIAN, Asst. Cashier

C. F. MEAD, Asst. Cashier

Since 1884 we have responded to the needs of a constantly increasing number of customers. We aim to dispatch business promptly. Our facilities are offered to those who, appreciating good service, will maintain adequate balances.

reported at the close of the year \$34,311, the assets have increased to \$1,415,468.19, at the close of business on December 31, 1914.

The officers of the company are: President, John W. Masters; vice-president, W. H. Kirkpatrick; second vice-president, J. W. Ewalt; secretary and attorney, Robert T. Izant; assistant secretary, G. W. Masters.

—The Northern National Bank, Toledo, Ohio, is building.

—An addition will be made to the building of the Nebraska National Bank, Omaha. The new structure added to the present building will give the bank forty-four feet facing Farnam street and 132 feet on Twelfth street. It is to have a full basement and to be two stories high.

—Missouri bankers are seeking to have the banking laws of their State amended in important respects. It is sought to authorize State banks to join the Federal Reserve system, and to pro-

hibit the establishment of any more private banks.

—Plans are under way for additions and remodeling of the quarters of the Fourth National Bank, Wichita, Kansas.

—Applications for thirteen proposed new State banks in Minnesota are in the hands of A. H. Turriffin, State Superintendent of Banks. They are in various stages of examination leading to charters, and in each case notice has been given of the proposed name and location. A reservation of name has also been asked for a new \$200,000 trust company.

This unexampled activity in organizing banks is considered by Superintendent Turriffin as a healthy financial sign, but he attributes it largely to the fact that the Legislature is now considering a bill that would raise the minimum capital stock of new State banks in Minnesota from \$25,000 to \$100,000. Mr. Turriffin personally is on record in favor of a \$20,000 minimum.

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$950,000



The American National Bank

SAN DIEGO, CAL.

Capital \$200,000.00
 Surplus and Undivided Profits 185,000.00
 Total Resources 2,300,000.00

J. W. SEFTON, Jr., President

C. L. WILLIAMS, 1st Vice-Pres.

L. J. RICE, Cashier

I. ISAAC IRWIN, 2nd V-Pres. T. C. HAMMOND, Asst. Cash.

A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

Each of the thirteen proposed banks plans to start out with \$25,000 capital stock.

The proposed trust company is to be called the Bankers' Trust Company, with a capital stock of \$200,000, and the application for reservation of name was made by A. W. Harper, president of the Minneapolis State Bank.

—Richard P. Joy, president of the National Bank of Commerce, is the new chairman of the Detroit Clearing-House Association; J. H. Johnson, president of the Peninsular State Bank, was elected vice-chairman, and H. W. Noble, manager.

—The twenty-eighth annual convention of the Kansas Bankers' Association will be held at Independence, May 11 and 12.

—An increase of capital from \$200,000 to \$250,000 has been made by the Central State Bank, Des Moines, Iowa, the new stock being issued at a large premium.

—The First National Bank of Champaign, Ill., celebrated its fiftieth anniversary January 30.



PACIFIC STATES

—A branch of the Anglo-California Trust Company has been opened on the grounds of the Panama-Pacific Interna-

tional Exposition at San Francisco. It has been designated as the official bank of the Exposition company, and will be used as the depositary for gate receipts and all other revenues of the company, as well as concessionaires and exhibitors. The savings department for exposition employees will also be made a feature of the institution.

The building, which has been designed in keeping with the surrounding structures, occupies a conspicuous site at the right of the Fillmore street entrance. The floor is laid with marble, and the interior fittings are of Circassian walnut with fixtures and furniture of the same wood and bronze. The ladies' room is furnished with upholstered tanestry.

The steel-lined vault is fitted with a 10,000-pound time-lock door, complete set of safe deposit boxes and manganese coin safe. Inside and outside watchmen will be in attendance night and day. Both commercial and savings departments will be operated.

—February 19 was the fifteenth anniversary of the Bank of Bisbee, Arizona. Prior to the organization of the bank, such banking accommodation as existed was provided through the Copper Queen store, now the Phelps Dodge Mercantile Company, but in 1900 the demand for banking facilities assumed such proportions that William H. Brophy decided that a regular bank was needed. He interested other civic leaders and organized the Bank of Bisbee

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
W. O. PHILLIPS, Asst. Cashier

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Capital - - \$600,000.00
Surplus and Undivided Profits 1,533,736.15

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

with a capital of \$50,000. The board of directors consisted of W. H. Brophy, James S. Douglas, Ben Williams, J. B. Angius and M. J. Cunningham. With the exception of Mr. Angius, who has since died, the original members of the board continue to serve to-day. W. H. Brophy, as president; J. S. Douglas, as vice-president, and M. J. Cunningham, as cashier, set out to insure the success of the new institution. They gave unsparingly of their time and ability with the result that the Bank of Bisbee is now one of the largest and most highly regarded institutions in Arizona. It has capital, surplus and undivided profits of more than \$200,000, with an additional stockholders' liability of \$50,000. Its deposits are more than \$1,500,000. There are now ten banks in Cochise County where the Bank of Bisbee started as a pioneer fifteen years ago.

—The Harriman National Bank has been organized to do business at Seward, Alaska.

—Entrance of an important new influence into the Northwestern National Bank, Portland, came recently with the purchase of a block of stock by the Day interests, of Wallace, Idaho. The deal was negotiated by H. L. Day, of Wallace, and Edward Boyce, of Portland, president of the Portland Hotel Co.

The Day interests control the Hercules mines at Wallace, as well as a bank in that city, together with important interests in Spokane, Wash. They also own the Portland Hotel in Portland.

The purchase of stock by the Days is regarded as important, being the addition of another outside interest to the extensive capital already behind the institution.

"We feel that their connections in Northern Idaho will be a distinct advantage to the bank," said Vice-President Emery Olmstead, of the Northwestern National Bank. "The purchasers are men of large capital and many interests, and the fact that they have become stockholders will naturally widen the sphere of influence of our institution, and we feel that it is a big benefit for us to have these men allied with us."

—Seattle is making great preparations for entertaining the convention of the American Bankers Association, September 6 to 11. Visitors to the convention should have no trouble in securing hotel accommodations, for Seattle has an exceptionally large number of fine hotels.

Spokane, Tacoma, Portland, San Francisco, Los Angeles and San Diego will no doubt be included in the itinerary of most of the visiting bankers, and a roval welcome will be given all along the line.

—The Central Bank is a new banking institution which opened for business at Phoenix, Arizona, February 4, with \$50,000 capital and \$10,000 surplus. Its officers are: President, Philip M. Lewis; vice-presidents, Geo. S. Lewis and Lloyd B. Christy; cashier, C. C.

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Smith. Its stockholders include, besides many local business men, strong and well-known representatives of outside capital.

—M. J. Shaughnessy, for some years a director and manager of the mortgage loan department of the Scandinavian-American Bank, Seattle, was recently elected vice-president. He continues to have charge of the mortgage loan department and also of the bank's publicity work.

—On December 16 last the Citizens' State Bank opened at Phoenix, Arizona, with \$25,000 capital. The officers are: H. P. De Mund, president; E. S. Wakelin, first vice-president; C. E. De Mund, second vice-president; L. L. Steward, cashier; W. P. Clement, assistant cashier.

—F. M. March, vice-president of the Exchange National Bank, is the new president of the Spokane Clearing-House Association.

—Prescott, according to "Yavapai" of that city, has always been known as a rich city. From the very beginning it has produced and stored wealth.

The records of the banks show that, in proportion to its size, it is one of the richest, if not actually the richest, city in America. The resources of its four banks, according to the reports of December 31, 1914, make up an aggregate of \$4,139,360.58. They are as follows:

Prescott National Bank	\$1,573,396.00
The Bank of Arizona	1,261,560.43
Yavapai Co. Sav. Bank.....	665,679.39
Com'l Trust & Sav. Bk.....	638,724.63
Total	\$4,139,360.58

The records of the deposits alone of these banks is worth noting. They are:

Prescott National Bank	\$1,163,389.35
Bank of Arizona	958,760.43
Yavapai Co. Sav. Bk.....	586,657.15
Com'l Trust & Sav. Bk.....	590,779.19
Total	\$3,229,786.05

When it is considered that these deposits are for the banks of a town of about 6,000, the fact is really worthy of notice.



CANADIAN NOTES

—The fortieth annual general meeting of the Standard Bank of Canada was held in the head office of the bank, Toronto, February 17. As shown by the secretary's report, the following has been the result of the year's operations:

The report of the affairs of the bank at the close of its fortieth year, ending January 31, 1915, exhibits a substantial growth in all branches, the deposits having increased by \$3,017,836, and which, added to the growth in the previous year, makes a total increase of \$6,019,275 for the two years just past, and the profits indicate that the funds have been fully employed at remunerative rates.

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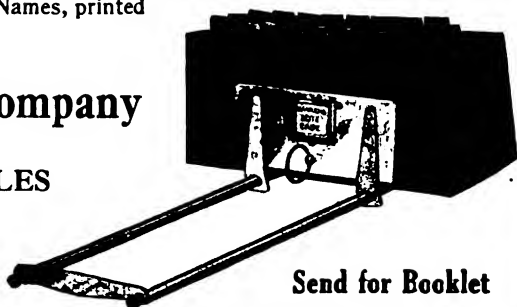
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The net profits, after making provision for bad and doubtful debts, rebate of interest on unmatured bills under discount, exchange, cost of management, contributions to the Canadian Patriotic Fund, the Red Cross Fund and the Belgian Relief Fund, etc., amount to \$621,463.94, being at the rate of 9.22 per cent. per annum on the combined capital and reserve for the year, or 21.28 per cent. on the average capital. This amount, added to the balance of \$52,217.17 brought forward from last year, together with premium on new stock, \$139,760, makes the sum of \$813,441.11, appropriated as follows:

—In the election of Mr. George Burn, General Manager of the Bank of Ottawa, as president of the Canadian Bankers' Association, in succession to the late Col. D. R. Wilkie, fitting honor is paid by the bankers of the Dominion to one who is held in the highest esteem by the Canadian banking fraternity. Like so many others who have helped prominently to shape the credit structure of the Dominion and guide its financial policy, Mr. Burn is a Scotsman, having first seen the light in a Presbyterian manse at Thurso in the north of Scotland, sixty-seven years ago. When a youth he received his

Four quarterly dividends at the rate of 13 per cent per annum	\$380,540.48
Contributed to Officers' Pension Fund.....	15,000.00
Transferred to reserve fund from profits.....	100,000.00
Transferred to reserve fund from premium on new stock	139,760.00
Written off bank premises	25,000.00
Reserve for depreciation in the value of securities held by the Bank.....	100,000.00
Balance of profit and loss account carried forward	53,140.63
	\$813,441.11

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first training in sound banking principles in the Royal Bank of Scotland, but at the age of nineteen he set sail for Canada. His first fourteen years in the Dominion he spent in the service, first of the Royal Canadian Bank of Toronto, then of the Canadian Bank of Commerce, and subsequently of the Exchange Bank of Montreal.

In 1880 he was appointed to his present post. The Bank of Ottawa under Mr. Burn's management has gone for-



GEORGE BURN

GENERAL MANAGER BANK OF OTTAWA, AND
NEWLY-ELECTED PRESIDENT CANADIAN
BANKERS ASSOCIATION

ward from year to year and decade to decade steadily building itself up on the soundest principles and conservative practice, from a local institution of two offices to one represented by ninety-seven offices, including nearly all the large centres between Montreal and the Pacific Coast. Its General Manager has become known throughout the Dominion as a banker of outstanding per-

sonality, deep in the knowledge of all the intricacies of his calling, judicious in counsel and wise in policy. For many years he has been an active member of the Canadian Bankers' Association, his residence in Ottawa, in addition to his personal qualifications, causing him to be in frequent demand when negotiations or communications with the Government were being carried on. His active services at such time as the periodical revisions of the Bank Act are well known. His counsel in the crisis caused by the outbreak of the war in August is perhaps known less widely. But those who are aware of the extent of his services on that occasion, in collaboration with one or two other prominent bankers, know full well that Canada owes a great deal to the General Manager of the Bank of Ottawa for the safeguarding of her financial structure.

—G. V. Hall, manager of the Seattle branch of the Canadian Bank of Commerce, will, it is reported, shortly go to Vancouver to become manager of the branch there.

—Thomas Williams, for six years manager of the Northern Crown Bank in Prince Albert, has been succeeded by F. E. Mackay.

—At the last annual meeting of the Bank of Nova Scotia the directorate was increased from ten to eleven, the two new members being S. J. Moore, former president, and W. D. Ross, formerly general manager of the Metropolitan Bank.

—During January, says the "Financial Post of Canada," Canadian banks opened six branches and closed nine. Five of the new branches are situated in Quebec, and one in Saskatchewan, three being opened by the Banque d'Hochelaga, and one each by the Union, Provinciale and Merchants.

The branches closed were situated as follows: In British Columbia, four; in Saskatchewan, three, and one each in Ontario and Manitoba.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-NINTH YEAR

APRIL 1915

VOLUME XC, NO. 4

Position of the United States in International Finance

ONE result of the European war has been to bring the United States into greatly increased prominence with relation to international finance. Heretofore, while foreign loans had been occasionally subscribed for in New York, these subscriptions were believed to be chiefly for foreign account, and perhaps the titles to the securities did not long remain here, and the securities themselves never, except in rare instances, migrated to the United States.

But since our finances got disentangled from the chaos into which they were plunged at the beginning of the war, there has been a tendency for foreign governments, municipalities, and of some public utility corporations to seek loans in the New York markets. Altogether these loans, made since November last, aggregate, according to the London "Statist," something over \$79,000,000, with the probability that the aggregate will shortly be largely increased.

The reason why applications for foreign loans are being made here is due, in the first instance, to the fact that the chief European money centres are now practically closed to international loans except such as are made in furtherance of war policies. And it so happens that slackened domestic trade and the reduction of our expenditures abroad, together with some release of funds through the operations of the Federal Reserve Act, and the huge balances being piled up through our net exports, have given to the United States a very great volume of funds available for outside investment. The conditions in our foreign trade would alone make it possible to take over

a considerable part of American securities held abroad without embarrassment, and if the war drags on for some time this may be what we shall have to do. But meanwhile, in the absence of any decided European disposition to unload American securities, we have at our command a huge volume of funds that may be employed in meeting the demand for foreign loans.

We have already made considerable advances to Canada; but Canada is so near to the United States in many ways, that these can hardly be regarded as foreign loans in the common acceptance of the term.

It is when the American banker makes loans to European or South and Central American countries that he enters a region with which he has had heretofore but little experience. There has never been much disposition on the part of our bankers to prepare for a service of this character; and perhaps for the reason that under ordinary circumstances we should not expect to participate very largely in it. We have had—and shall doubtless have in the future when normal conditions return—need for all the capital we have, and more too. For this is a country whose resources are still largely undeveloped and our people are filled with a restless energy to push ahead again when they can do so with any reasonable prospect of profit.

But while trade and industry here are in a halting attitude, and with conditions as they are in the local and international money markets, we may do a considerable share of the world's financing with benefit to ourselves and those to whom the loans are made.

The experience our bankers will gain through their wider share in international finance will be very valuable. While the United States has plenty of bankers as keen and able as those to be found anywhere, and while many of our banks, and especially the great foreign banking houses, have world-wide connections, we have heretofore lacked any great incorporated bank with branches throughout the world. Since the war began, one of the very large banks has established a few branches in South America, acting under the authority of the Federal Reserve Act which permits National banks of more than one million capital to have foreign branches.

We have been slow to listen to the counsels of those who have long advocated the establishment of an International American Bank of large capital and with branches in the chief commercial

centers of the world, that would have had by this time ready at hand the information which would have enabled us to grapple intelligently and effectively with the tremendous international financial problems now thrust suddenly upon us, and that would impressively have marshaled American financial strength in assisting to capture the world's markets for our commerce and industry.

When dealing with banking problems and with our shipping interests, Congress seems paralyzed by the fear of monopoly, and generally legislates destructively instead of constructively. Even in the Federal Reserve Act, which made a beginning in extending our banking facilities abroad, there is no evidence of a clear recognition of the magnitude of the problem.

The present situation should serve to wake up our business men to a realization of the aid they would gain by the better adaptation of our banking system to the development of foreign trade.

DEATH OF COUNT WITTE.

GREAT Finance Ministers are so rare that their achievements in any country become a matter of interest. Count Sergius

Witte, who died in Russia last month, was of course more than a mere master of the details of administrative finance. He was a statesman of moderately liberal views and with a sound comprehension of the practical problems of statesmanship and the ways of meeting them. He was one of the great leaders who aided in strengthening the policies of his country and thus contributing to its advancement and prosperity.

It was peculiarly the ambition of Count Witte to develop Russian manufactures and to aid in the development of the railways. His early training had been in the latter line of work and his experience was of great service to the Government in its programme of railway building.

The great achievement of Count Witte was the brilliant stroke by which Russia was gradually led through successive stages from the evils of a depreciated currency and its finances firmly implanted on the gold standard by the law of June 7, 1899.

Through his participation in the Peace Conference at Ports-

mouth, New Hampshire, to settle the war between Japan and Russia, Count Witte became well known in the United States. His diplomatic skill at this conference was manifest, for although the Russian armies had been beaten, Japan obtained no substantial cession of territory and no monetary indemnity.

When Russia was given a parliamentary form of government, Count Witte became Prime Minister. In the later years of his life, there was some suggestion that his popularity had somewhat declined in the ruling official circles. But on his final retirement from public life, in 1906, he was thanked by the Czar for his services to the Empire.

There can hardly be a doubt that the recent advancement made in the economic and civic life of Russia, and the marked improvement in that country's financial position, were due largely to the sound and practical measures originated and carried out under Count Witte's direction.

THE EMERGENCY CURRENCY ISSUE.

AS the Aldrich-Vreeland Law expires shortly, and since the emergency currency provided in this measure was largely used during the recent European war crisis, it may be of value at this time to take some note of this much-discussed banking expedient.

The law in question grew out of the disastrous experiences in the panic of 1907. This panic, whatever may have been its remote causes, was directly brought about by the banking situation in New York. There were some bank suspensions, notable runs on other institutions, and finally distrust which rapidly spread to all parts of the country. Clearing-house certificates and gold imports were relied on to break the force of the panic; and, after a great deal of damage had been done, normal conditions were in a measure restored.

In the spring of 1908 Congress, after long lethargy in regard to banking legislation, and a supreme indifference toward any really comprehensive measure that would tend to have put the

country's banking system on a sounder basis, suddenly awoke to the immediate necessity of doing something. After a memorable fight in the House, and after taking the consideration of the matter out of the hands of the Banking and Currency Committee, which had stubbornly refused to make any report on the Aldrich-Vreeland Bill, the measure was brought before Congress and became a law on May 31, 1908. Its provisions are well known and need not be enumerated here. But the general principle was that currency might be issued by the Treasury on the deposit of bonds and commercial paper. In other words, that the assets which a bank held might be put into the form of circulating credit. The notes to be issued were subject to a graduated tax, reaching ultimately to six per cent. a year. As the use of the currency would have been interpreted as a sign of weakness on the part of the banks resorting to it, the law lay in a state of inactiveness until the great financial fury of the summer of 1914 burst upon the country. The large amount of notes which the act authorized had been printed long beforehand and were lying safely stored in the Treasury vaults at Washington. When the war in Europe practically paralyzed the world's credit systems, it was realized that every precaution would have to be taken here to supply the extraordinary demands for currency that were sure to arise. It was then that the currency provided for in the Aldrich-Vreeland Act was issued to the extent of several hundred millions.

That it proved of great service, and that the banks in many localities would have found it exceedingly difficult if not impossible to pull through without this help, may be freely granted.

What the opponents of this act argued against it when the measure was proposed was based chiefly on the assumption that the authorization of this comparatively easy means of extrication from panics which are the results of a speculative debauch might superinduce rather too much freedom in indulging in speculation.

Perhaps the authors of the law themselves hardly expected any such world-wide strain as that to which credit has been subjected since the beginning of the war in Europe.

They brought the measure forward to provide a means of coping with financial difficulties like that of 1907; and, as already stated, the experience in that year directly gave rise to this piece of legislation.

Granting that the law justified itself under the extraordinary circumstances through which the country has passed since the close of July, that does not prove by any means that it was a wise measure for curing panics due to speculation. The recent crisis, in its origin, was absolutely different from one brought on by speculation. And all that has been said against the Aldrich-Vreeland Act as a remedy for speculative panics remains as true now as ever, even in the light of our recent experience. But it is nevertheless a fact that in the face of an almost universal breakdown of credit, like that we have just had, the law has been of great service.

The best financial authorities have long insisted that the banks should have greater power, in case of necessity, to convert their good assets into circulating form. While this power was conferred by the law in question, it was done in such a cumbersome and expensive way as to render it useless except in a general breakdown.

If the banks were given the greatest liberty in their note issues compatible with safety, and allowed the privilege of furnishing credit in the form of circulating notes as freely, practically, as they now grant book credits, they could no doubt meet any demand for currency that might be made upon them; because the right to issue notes in substantially unlimited volume would not imply that this right would be employed to the full extent in ordinary times. It could not be, owing to the impossibility of keeping the notes out.

Since the Federal Reserve Act greatly enlarges the powers of the member banks in increasing their reserves through rediscount operations, and thus procuring extra supplies of circulating notes, the further usefulness of the Aldrich-Vreeland Law does not appear.

WHY BUSINESS LAGS.

FOR some time those whose task it is to forecast the course of business have been predicting a return of prosperity for the United States. They give reasons for these hopeful prognostications: We had good crops last year, generally marketed at high prices; the financial position of the United States is at present ex-

ceptionally strong; we have withstood the shock caused by the war without financial panic or bank failures; we have had a long business depression, and a return of prosperity is due; there has been a cessation of legislation hostile to business—all these and other factors are held up as indicating that prosperity cannot long be delayed; and yet, business lags. Why? In our opinion, despite all these favorable omens, which are real and not fictitious, it is because there lurks in the public mind a dread of what the great European struggle may have in store. That conflict has not reached a decisive stage, and the supreme catastrophe is yet to come. It may be that no great victory of one side or the other will mark the contest, but that the fight will go on until financial and economic exhaustion brings the drama to its tragical end. Even that prospect offers no encouragement to business here. But within the realm of possibilities, though apparently not of probabilities, there lies a greater menace than this. Should the forces arrayed against France, Belgium and Great Britain break through the ring of defenses, and gain possession of Paris and menace London, a financial cataclysm such as the world has never seen might follow. Or should the United States be drawn into the war, it would immensely complicate the situation.

We are not intimating that either of these events will take place; on the contrary, they hardly seem possible, but they are contingencies with which the banking world is evidently reckoning, and until they are cleared up we can hardly look for a return of prosperity.

BANK EXAMINATIONS.

PENNSYLVANIA bankers have recently shown some irritation over the quality of the bank examination furnished by the Government.

The Federal Reserve Act provides for some additional examination by the Federal Reserve Board and the Federal Reserve Banks, but it is not clear that the standard of inspection will be much raised, although some improvement may be looked for from the more frequent examinations and from the fact that examiners

are hereafter to be paid a salary instead of an allowance for each bank examined, as heretofore.

But such faults of bank examination as are due to the methods of selecting examiners will probably persist under the Federal Reserve system, because such methods remain substantially as they have been.

It would serve no good purpose to condemn unsparingly the present system of Government bank inspection, for there are some efficient examiners who are doing excellent work. But as a whole the work is not satisfactory. It never has been and never will be. And this because the basis of it is fundamentally false. This consists in the assumption that examiners selected by the Comptroller of the Currency, or by the Federal Reserve Board—that is, by political or Governmental authority—can perform that careful supervision of the country's banking institutions which is essential to their safe conduct.

The only really competent bank examiners are those who are chosen and whose services are retained on the sole ground of fitness. A knowledge of banking is essential, in addition to special qualifications.

In several of the large cities special examiners have been appointed by the clearing-houses, and the experience thus far seems to have vindicated the wisdom of this plan and to have demonstrated its superiority over the Governmental system.

Perhaps in time the Government examiners may confine their activities to an insistence on obedience to the law, leaving to other inspectors, appointed by the banks themselves, to insist on obedience to the rules of sound banking.

INCREASING THE CURRENCY OF THE BANK CHECK.

AT the bottom of the controversy over collection or exchange charges on checks lies a matter of far greater concern to the banks and the business interests of the country than the profits which any single bank, or even the banks as a whole, derive from

the fees made out of such charges. It is that of making the check of greater and wider service in the transfer of credit. In effecting this, of course, the banks are not merely helping themselves, but they are immensely increasing the facilities they can offer to depositors. A check on a bank, good anywhere, is almost equivalent to currency, and the more closely the bank check approximates to a bank note in its functions, the greater its usefulness. Such a widening of the use of bank checks is especially desirable where, as in the United States, the banks are denied the privilege of issuing their own credit circulating notes. Of course, under proper safeguards, such notes would be more convenient than checks. The stranger who offers a bank check in payment of an account is regarded with more or less suspicion. Bank notes are universally taken, and would be even if they were pure credit instruments. There is a severe penalty attached to the utterance of spurious checks, but not so severe perhaps as that attached to the passing of counterfeit currency. The circulation of bad checks is much more frequent than the circulation of counterfeit currency.

If checks were made universally acceptable at par throughout the United States a merchant, manufacturer or farmer could use his own bank account to pay bills, irrespective of the location of the creditor. This would avoid trips to the express office or post office to buy a money order or even to the bank to buy a draft. Such a development is in line with the use of the telephone, for example, in every-day business transactions.

Many banks hold on with a tight grip to their exchange profits. They can not readily see the greater profits which might in time accrue from widening the use of the bank check. The bird in the hand seems worth more than the one in the bush.



New Counterfeit \$10 National Bank Note

ON the Emporia National Bank of Emporia, Kans.; check letter "A"; Series of 1902-1908; J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States; portrait of William McKinley; charter number 1983; bank number 9031; Treasury number N299031A.

This counterfeit is printed from

photo process plates, three pieces of paper being used; between these pieces silk threads have been distributed. The counterfeit has a faded appearance caused mainly by a failure to reproduce or bring sufficiently into prominence the fine shade lines, especially in the portrait of William McKinley. It should be readily detected.

The Rediscount and Acceptance System

By CHARLES A. CONANT, Author of "A History of Modern Banks of Issue"

TWO measures of banking practice were given legal recognition by the Federal Reserve Act of 1913, which were before little known and still less employed by American bankers. These were the rediscount of commercial paper and the giving of banking acceptances. By the operation of these two measures bank assets had long possessed in Europe a mobility, or exchangeability, which they lacked in the United States. As expressed by Mr. Paul Warburg, Europe had not only mobilized its permanent investments, by putting them into the form of bonds and shares of joint-stock companies, but had "in addition mobilized its temporary investments, by changing the promissory note, or 'bill,' into a 'bill of exchange' and by creating large discount markets where these 'bills' can be 'exchanged' freely at any time."*

Means of rediscounting on a broad scale were provided in the United States by the creation of the Federal Reserve banks, and opportunities were afforded by the advent of the European war, which would otherwise have come slowly, to put the new system in force.

As discount of a promissory note or bill is a purchase by the banker who takes it for discount, so rediscount is merely the passing of it along to another purchaser. In banking practice, however, in Europe, the rediscount is granted by a banker to a banker and usually by the central bank of issue to a joint-stock bank or private banker. The note or bill, in passing through the hands of the banker making the origi-

nal discount, acquires his endorsement and thereby binds him to make good the amount of the instrument in case of default of the maker or drawee. Where an acceptor appears in the transaction, it is usually a banker or an accepting house of established resources and reputation, who by acceptance assumes the obligation to pay at maturity which rested originally upon the maker only. Thus, a bill which has been accepted and rediscounted acquires a number of strong endorsements, which make it the best form of temporary investment. As such, it is eagerly sought by bankers as almost the equivalent of cash, because the strength and reputation of the endorsers ensure its soundness; its early maturity ensures its convertibility; and it has the advantage over cash of affording an income.

In the United States "one-name paper"—that is, the direct promissory note of the maker—is the chief form of security by which loans are obtained from banks. Such paper, however, remains usually in the custody of the lending bank from the date of the loan to the maturity of the paper. In Europe a bill usually bears the added security of the name of the drawee, being in the form of a draft upon a debtor by his creditor requiring payment on a stipulated date, in accordance with the contract originally made when the goods were sold which give rise to the debt. Acceptance is defined by Mr. Withers as "nothing else than the promise of the party on whom the bill is drawn that he will pay it at due date; and this acceptance he signifies by writing his name across the face of it." A definition which is technically more complete,

*"Banking Reform in the United States," p. 130.

as the obligation is interpreted under the French Code of Commerce, is as follows:*

"ACCEPTANCE.—This is the act by which the person drawn upon engages to pay the amount of a bill of exchange to the person who may be at maturity the regular holder of such bill. It is accomplished by the endorsement on the bill of exchange of his signature made by the drawee, preceded or not with the word 'accepted' (Art. 122). Acceptance, besides the general conditions relative to consent, must be the work of a person capable of obligating himself by a bill of exchange. It may be partial, but not conditional (Art. 124). Its effect is to create an obligation on the part of the drawee toward the holder at maturity, with all the consequences attached by law to obligations arising from a bill of exchange."

Under the system of acceptance, a bill which might be presented by a joint-stock bank or private banker to the central bank for rediscount would have at least three guarantees—that of the drawer, who would be liable to his banker if he obtained a loan on a draft which was not honored at maturity; that of the drawee who had affixed his acceptance; and that of the bank which had originally discounted the bill. Obviously, the difference in the degree of security and negotiability between such an instrument and American one-name paper fully justifies the opinion expressed by a prominent banker, now a member of the Federal Reserve Board:†

"In the United States our commercial paper is the old promissory note, it is a *bill*; in Europe commercial paper is a *bill of exchange*. I think that I cannot more forcibly express the difference between the two. In the United States this promissory note is an investment, in Europe it is a means of exchange. If, in the United States this

promissory note has entered the bank, it usually remains there until it falls due; if a New York bank, under normal conditions, should try to rediscount such paper, it would create suspicion and distrust. This means that every dollar invested by a bank in American commercial paper, that is, every dollar invested to satisfy the most legitimate requirements of business, leads, without fail, to a locking up of cash in unsalable assets."



OPERATIONS OF A CENTRAL BANK.

WHERE a central banking mechanism exists, ready to rediscount accepted paper, it constitutes a reservoir of credit upon which other banks may draw whenever they need additional resources. The possession of paper known to be available for rediscount constitutes in itself, for the bank which holds it, a reserve which is practically the equivalent of cash because it can be quickly converted into cash or into a cash credit. The ability of the central bank to grant such credits is restricted only by the rules of sound banking which are prescribed for it by enlightened financial opinion or by statute. If its power of note issue is practically unhampered, its power to aid the money market in emergencies is adequate for the gravest crises. By the possession of a gold reserve sufficient to inspire absolute confidence, the central bank has been able on such occasions to proclaim to the mercantile and banking community that it was ready, by the temporary substitution of its own credit, to relieve the congestion in the flow of credit which under more normal conditions permitted the liquidation of the credit instruments growing out of the free movement of commodities from producer to consumer.

The policy pursued in regard to re-discounts varies considerably at the principal banks of Europe. The Bank of France comes nearest to realizing

**Dictionnaire du Commerce, de l'Industrie et de la Banque*, Guyot et Raffalovich. Vol. I, p. 22.

†Warburg, p. 33.

its logical position as defined by Governor Pallain as "a bank of banks." By reason of the fact that the joint-stock banks are able in case of need to rediscount their best paper at the Bank of France, they are released from the necessity of maintaining large metallic reserves of their own and are able to apply a large percentage of their deposits in direct discounts, in advances on collateral, in the purchase of commercial paper, and in other commercial operations. As this process was tersely outlined by one of the officials of the great French bank, the Credit Lyonnais, in testifying before the American National Monetary Commission:*

"In France we have the Bank of France, which regulates the currency of the whole country; and any bank, if it has need for additional cash, may present for rediscount at the Bank of France the bills and other commercial paper which it has in its vaults. The amount we carry at the Bank of France may vary greatly according to circumstances. It is not to our advantage to have too large a sum at the bank, because the Bank of France does not allow any interest. * * * The excess of deposits is invested almost entirely in commercial paper available for discount with the Bank of France at any moment and in *reports* (loans on securities from one stock exchange settlement to another)."

One of the essential differences in method between the Bank of France and the Bank of Germany is the requirement of the statutes of the former that paper which is not secured by collateral shall be discounted only when it bears three solvent signatures. This has the effect of excluding from the portfolio of the Bank of France paper bearing only the names of the drawer and drawee and lacking the endorsement of a bank. This requirement has been a subject of some complaints in France and was an object of attack on

the occasion of the renewal of the bank charter in 1897. The demand that the bank be authorized to discount paper with two signatures was defeated in the Chambers by a majority of only forty votes. It was contended by such strong men as Millerand and Viviani that the existing system imposed conditions which were unnecessarily onerous and created a sort of subordinate monopoly for the banks of discount.† It was pointed out on behalf of the bank, that the requirement of the third signature was a logical consequence of the policy of limiting discounts to paper which was actually based on commercial transactions. While the acceptance of the drawee afforded *prima facie* evidence of this, it did not exclude collusion to the same extent as the added endorsement of the local bank, whose familiarity with local houses and with the personal credit of those at their head enabled it to pass with sound judgment upon the paper presented and to employ the Bank of France merely as an agent of rediscount.‡ If they saw fit to admit accommodation paper to their portfolios, it was a matter of their own concern, and did not vitiate the liquid character of the assets of the Bank of France, accepted for a century as the best guarantee of the soundness of business in France.

The argument which was most effective with the majority, however, and with most competent economists, was that a modification of the rule of three signatures would benefit only a class of commerce of moderate importance and would weaken the position of the Bank of France. It was evident that if the bank should be authorized to discount paper with two signatures, it would be able to carry out the policy in practice only with respect to houses of notorious soundness and not for small merchants, whom it was the object of its critics to aid.§ If the bank should be directed to accept bills with

*"Interviews on Banking and Currency Systems," Senate Document No. 405, 61st Congress, 2nd Session, p. 224.

†E. Kaufmann, *La Banque en France*, p. 277.

‡Cf. Huart, *L'Organisation du Crédit en France*, p. 78.

§Kaufmann, p. 278.

two signatures, and should comply with the requirement, it was pointed out that those now deriving the benefit of rediscount, through the addition of a banking signature to their paper, would be crowded aside by the strong paper with two signatures and the net result would be less favorable to commerce of minor importance and more favorable to the great mercantile houses and industrial establishments. The opening of the doors of the Bank of France to paper of moderate importance and bearing only two signatures would put it in competition not only with the great credit societies, but with the local banks which were already conducting a struggle for existence against the larger institutions. As it is the local banks which supply the credit of a personal nature which cannot be readily obtained from the three great credit societies, in view of the methods employed at their branches, anything which tended to cripple them further would tend still further also to the injury of commerce of the lesser sort.

In Germany the law states that the Imperial Bank has the right to "buy, sell, and discount bills which mature within a maximum period of three months and which are indorsed by three, and in exceptional cases by two, persons who are known to be solvent." In practice, however, this has been interpreted as making compulsory the requirement of two signatures, and thereby putting a restriction upon the policy of the old Bank of Prussia (of which the Imperial Bank is the heir), which in exceptional cases discounted bills with only one signature. An ordinance of the Prussian Bank dating back to 1829 permitted the purchase of unaccepted drafts from reliable parties. It was the intent of the Imperial Bank Act of 1875 to eliminate this risk by limiting purchases to bills which bore the signature of the drawee as well as the drawer. The test of solvency is also made as rigid as possible. Persons obtaining credit must be well known to the executive officers as reliable and hence at the branches must usually be

persons whose residence is within the business circuit. Knowledge of the economic purpose of the bill is another requirement usually enforced, and in general the requirements of the Imperial Bank are met only by a bill which starts from a completed transfer of property between the parties liable on it and is destined at its maturity to offset this transfer.*

At the National Bank of Belgium the requirements for the discount of paper are similar to those at the Bank of France. The fundamental condition, although subject to some qualifications, is that paper accepted for discount must bear three solvent names. While the Bank of Belgium is not so distinctively a "bank of banks" as some of the central banks of Europe, the tendency of the requirement of three names is to limit the discount business to a large extent to rediscounts. By a system peculiar to Belgium, paper sent in from the agencies of the bank usually bears the endorsement of a body known as the discount bureau (*Comptoir d'es-compte*), whose field of operations in the majority of cases is similar in area to that of the agency. These bureaux are usually private partnerships, which are willing for a small commission to examine the paper presented to the agency for discount and become liable for that to which they give their endorsement. They thus correspond in some senses to bill brokers, but differ from them in assuming full liability for the paper which they approve, thereby acquiring more of the character of underwriters or insurers.† While the signature of the discount bureau is not in itself construed as acceptance, the larger proportion of the discounts held by the National Bank has usually consisted of

*The Reichsbank, 1876-1900, National Monetary Commission, Senate Document No. 408, 61st Congress, 2nd Session, pp. 127-30. Cf. Interviews on Banking and Currency Systems, p. 339.

†For the details of these organizations, *vide* the author's "National Bank of Belgium," National Monetary Commission, Senate Document No. 400, 61st Congress, 2nd Session, pp. 115-20.

accepted paper, although the practice of extending accommodation directly to small merchants and manufacturers has given a great preponderance in number of pieces discounted to paper which has not been accepted.*

† In England the relations of the central bank with the joint-stock banks are less direct under normal conditions than in France and Germany. Much business is done by the Bank of England in advances on collateral security. Commercial bills are purchased chiefly by intermediaries who are known as discount companies and bill brokers. The latter obtain credit from the banks by depositing bills as security for loans on call or by direct sales of bills to the joint-stock banks. The latter regulate their supply of loanable funds by calling in their loans to these bill houses when their resources are depleted. It is only when such calls have imposed upon the bill houses the necessity of finding money elsewhere that they turn to the Bank of England, which then discounts for them directly. In such cases, "short-bills"—those having but a part of their entire period to run—are presented to the Bank of England for discount.

Thus, the bank, while holding itself more or less aloof from the bill and acceptance market in times of financial tranquillity, forms a sure refuge for the money market in periods of stress. The bank requires two London names on bills which it discounts, but a bill accepted by a London firm and endorsed by a London bill-broker fulfills this requirement.‡ The joint-stock banks, knowing that the bill-brokers can rely on the bank in this way, in case of need, do not hesitate to call in their loans to bill-brokers if their cash and deposits at the Bank of England become depleted. They are thus able to

count upon these loans as a second line of reserve, much safer and more convertible than the "call loans" on securities which were formerly relied upon by the New York banks to perform this function.†

In France and Germany, where the large joint-stock banks have less hesitation in rediscounting freely with the central bank, discount companies and bill-brokers are largely eliminated and short bills are sent directly by the joint-stock banks to the central bank, either in settlement of balances or to obtain advances of cash.§

The official rate of discount at the Bank of France and the Imperial Bank of Germany is higher in times of business tranquillity than the rate at the private and joint-stock banks. Even in Germany, in spite of the pressure upon its supply of circulating capital, even in time of peace, a private bank will take bills for discount running three months or more and hold them as an investment, sending them to the Imperial Bank for rediscount, in case of need, when they have only about ten days to run. As no interest is paid by the Imperial Bank upon deposit accounts, there is no inducement to the other banks to keep with it larger balances than are required by prudent banking policy.|| The German bank, however, has obtained command over the supply of floating capital necessary to carry on its large volume of business by extending its activities into the field of transferring funds between different places in the Empire. This has had the effect of placing a large aggregate of funds constantly in its hands in the form of transfer accounts of merchants, which cannot well be reduced by their owners even in periods of stress.||

The proportion of the paper discounted in France which passes through

*During the year 1908 the number of pieces of paper discounted, with acceptance, was 578,805, with a value of 1,259,104,000 francs (\$243,000,000); of paper without acceptance, 3,846,641 pieces, with a value of 1,245,146,000 francs (\$240,300,000).—"The National Bank of Belgium," p. 47.

†Withers, "The Meaning of Money," p. 164.

‡Cf. Withers, p. 148.

§Warburg, p. 140.

||Interviews on Banking and Currency Systems, National Monetary Commission, Senate Document No. 405, 61st Congress, 2nd Session, p. 346.

||Kaufmann, p. 70.

the Bank of France is calculated from the stamp tax returns and the records of the bank at approximately forty per cent. of the total amount in circulation. The proportion varies from year to year according to the state of the money market and the demand for rediscounts, and undoubtedly reached a much larger proportion than usual during the autumn of 1914, after the outbreak of the European war. Out of an annual average amount of paper stamped during the five years ending with 1910, amounting to 36,776,000,000 francs (\$7,100,000,000) the average passing through the bank was 14,510,000,000 francs (\$2,830,000,000), which constituted $\frac{1}{4}$ a proportion for these five years of thirty-nine per cent.* In Germany calculations based upon similar data indicate that the value of the paper passing through the Imperial Bank ranges from thirty-five to forty per cent. of the total amount stamped. In 1907 about 30,000,000,000 marks (\$7,130,000,000) paid the tax, of which about 12,000,000,000 marks was discounted by the bank.†

The proportion of paper outstanding at any one time which is in the custody of the bank differs materially from the proportion passing through the bank, because of the difference in maturities. Paper which may have sixty days to run, for instance, may not be presented to the central bank for rediscount until the time remaining to its maturity is reduced to thirty days or even to a week. One of the standing rules at the Bank of France, in regard to bills discounted for collection outside of Paris, is that "Discount is collected for *five days* on paper drawn on branches and for eight days when drawn on auxiliary bureaus or connected villages, when maturity is of nearer date.‡ At the Imperial Bank of Germany it was found necessary a

few years ago to impose a higher rate on paper rediscounted a few days before the quarter ends than at other times of the year. These short maturities for bills reaching the central bank reduce materially the ratio of paper in the hands of the bank to the total amount outstanding at any single date, and account for the fact that in France the net proportion of paper held by the bank is nearer one-eighth of the total amount in the market at a given time than the forty per cent. of the total issues which passes through the discount bureau of the bank. Thus, for 1912, the average circulation of commercial paper outstanding in France was estimated from the stamp tax receipts to be 10,730,000,000 francs (\$2,070,000,000), while the average amount held by the Bank of France was only 1,333,000,000 francs (\$257,000,000).

The extent to which the central banks of Europe operate as reservoirs of credit for the joint-stock banks is indicated by the statement of M. Pallain, Governor of the Bank of France, that his estimate of the proportion of the paper passing through the bank which bore another banking endorsement was about seventy per cent. of the total.§ The estimate made by the officials of the Imperial Bank of Germany was that about sixty per cent. of the paper in the vaults of the bank bore endorsements by other banking institutions.¶

The fact already stated, that the ratio of paper passing through the Bank of France is much in excess of the ratio of paper outstanding held by the bank at a given moment, illustrates one of the elements of strength of the central banking system. The shorter the maturities of the paper held by a central bank, the more liquid are its resources. Most commercial paper runs from two to four months, but foreign bills often run for a longer time.

*Rouleau, *Les Règlements par Effets de Commerce*, p. 42.

†Von Lumm, *Politique d'Escompte*, *Revue Economique Internationale*, June, 1912, p. 455.

‡Vide form of "bodereau," or list, model No. 10, Combat, *Banques et Opérations de Banque*, p. 44.

§Interviews on Banking and Currency Systems. National Monetary Commission, 1910, Senate Document 405, 61st Congress, 2nd Session, p. 197.

¶Ibid, p. 341.

² The central banks, however, usually restrict the limit of paper which they are willing to discount to that having sixty days to run. In the case of France, analysis of the bills of exchange of all classes which pay the stamp tax indicates an average maturity of about eighty-three days, but the average is considerably longer for foreign bills. The average maturity of paper held at the Bank of France, however, is usually under thirty days. This average for 1912 was 25.45 days and in 1913, thirty days. At the Imperial Bank of Germany, the time is somewhat longer, because of the greater proportion of German capital embarked by the German stock banks in industrial enterprises. The average maturity of discounted paper at the Imperial Bank is thirty-five to forty days, and

this fact reacts upon the proportion of paper outstanding held by the bank at any given moment, which averages about fifteen per cent.*

In normal times the big joint-stock banks do not in any of these countries rediscount with the central bank paper of long maturity. In the absence of special pressure, the payment of maturing paper and of loans on call meets the daily demands for cash. If the demand reaches larger dimensions, short maturities are sent to the central bank. It is a sign of abnormal conditions, and the signal for the exercise of caution, when the other banks begin to offer bills of long maturity to the central bank for rediscount.]

*Rouilleau, p. 91.

Granting Mercantile Credit

(Continued from *March number*)

By W. H. KNIFFIN, JR.

IN the granting of mercantile credit all the elements that enter into personal credit are desirable and even necessary. First, we must have an honest man. He must have demonstrated this by his past conduct. Then we must have an able man, and this we can easily determine by his past and present performances. He must have demonstrated that he can run a business—for mercantile credit is granted to run business and not to furnish a home or keep an automobile. We can tell what sort of trader he is by his methods of advertising, credits, and general aspect of his business. A store that is well located, well arranged and neat, stock fresh and well selected, employees loyal, well paid and fairly treated is presumably

prosperous. We can tell his credit methods by his accounts receivable. This should be the focal point. It matters not how much goods he *sells*; if he *doesn't get his pay*, of what avail? Anyone can sell goods—only the good business man can get the money for them. Too liberal credit is conducive to large sales and slow pay. Does he pay his personal debts promptly? Does he live above his means and does he always take his discounts? Does he borrow at the bank, and if so, how much? Does he bear a good reputation in the trade? What is the worth of the concern? How much capital? Assets minus liabilities equal proprietorship, and unless the equation shows an overplus of assets, the business is insolvent,

and unless there is sufficient capital success cannot follow. Business failures, in the main, are caused by lack of capital.



WHY MEN FAIL.

THE causes of business failures have been analyzed from time to time by the mercantile agencies, and the reasons are stated in percentages as follows:

	Per cent.
Lack of capital.....	29.7
Incompetence	30.2
Inexperience	4.6
Bad credits	2.
Competition	1.9
Fraud	10.3
Neglect	2.
Personal extravagance .....	.7
Speculation .....	.8
Other causes	17.8

A private investigation of the causes of 500 partial or total collection losses resulted in finding the causes of failure to be similar, as follows:

	Per cent.
Lack of capital.....	29.5
Incompetence	24.
Bad credits	4.4
Heavy expense	3.
Poor location	2.2
Expansion	2.
Fraud	4.
Neglect	4.
Extravagance	4.8
Speculation	2.1
Intemperance	2.
Other causes	11.60



THE DEVELOPMENT OF THE RETAIL STORE.

IT is illuminating and instructive to look back for a moment and follow the development of the retail store in its relation to this most important matter of retail credit. In the early days of our retail business a store was started to supply the demand of the community for certain necessities of the people. If a town needed a store, a general store was started. It carried everything the

community needed. Later if there became a demand for a more complete line of dry goods, or clothing, a separate store was started and so on along the line of specialization. If the community grew, more stores were started of the same kind, but only as the demand made them or seemed to make them necessary. These stores catered to the actual needs of the people.

As time went on our present-day methods of intense living came into existence; no longer was it sufficient to simply fill the demand, but a demand was created, and then, that great modern force known as Advertising came into existence. It became the duty of Advertising not so much to indicate why we should use this or that necessity, but to show us why this or that was a necessity, until to-day we are all, those of small means as well as those of large (and unfortunately those of us of small means are the more easily persuaded) just as sure we need a talking machine or an automobile as we are we should use Ivory Soap, the Dutch Cleanser, or one of Heinz's 67 varieties, and so it goes along the line of merchandising, even as the advertising expert will tell you, first attention, then desire, a desire for things is created.

Now, if this desire were created only among those who could afford the article, well and good, but like "the rain, it falls upon the just and unjust," and those who cannot afford become even more intense in their desire than their more prosperous brothers. And so we have our present-day condition of the over-expansion of abuse of retail credit until it has in reality become a menace not only to the merchant and to the individual, both man and woman, but to the community itself. What would happen if all your merchants insisted upon all their accommodation credit accounts being paid promptly in thirty days?

Another of our modern methods is the competition in credit as well as merchandise. In the strife for business it is not only the goods and the price but the willingness to trust. This is one of the great evils of present-day methods, an

evil that like other evils is difficult at first, easier afterwards, until later on we become unconscious to the result of it. And it has seemed to me that with the man who wants to "feather our nest with no cash down," the piano dealer who will sell a \$150 piano for \$250 and take \$10 down and monthly payments leads. The legitimate retail dealer is somewhat to blame for permitting his charge accounts to grow until they consume one-half, two-thirds or perhaps all of his capital and at the same time educate the man, or more particularly the woman, to go in debt beyond their means or immediate ability to discharge. Unless your capital is sufficient you are losing your discounts, you are paying interest, you are slow in meeting your obligations, you are allowing your credit or at least your methods to be questioned and you are building up an asset of so questionable a character that if you desired to sell your business the purchaser would not take it.*



PROFITS.

IN a day of competition, business can no longer be done by hit or miss methods. The business man must know what his goods cost to manufacture; what to market. He must know details from a scientific standpoint. It no longer suffices to know what his rental charge is,—he must know how much of that charge belongs in a certain article. The profits of to-day are made from the wastes of yesterday. And the wastes of to-day will be of the profits of tomorrow. It is one thing to make profit from waste and another to waste profits.

A perfectly conducted business should make a legitimate profit on every dollar of merchandise sold; but as we are all human and must make mistakes, as the public is fickle and styles change all too quickly, there is reason for a sale at the end of a season, of odds and ends of merchandise that the merchant has not

been able to properly judge as to its salability; but for the loss of profit on sales before the end of the season, for the selling of a large proportion of the season's purchase in this manner is commercial suicide. The merchant must have profit or he cannot succeed—he cannot charge an exorbitant profit on some goods to make up his loss of profit on others—he must find some way to sell the bulk of his goods profitably or he will surely drop by the wayside as one of the unfit. We cannot do business solely on "bargain sales."

Speaking of the profits that attend merchandising, Messrs. Ernst and Ernst say:

"From a wide experience in many retail dry goods and department stores we have accumulated a large amount of data on expense of operation. It would not be satisfactory or fair to attempt to compare the results of various stores with respect to the individual items on account of the varying conditions.

"We have, therefore, picked twenty-five stores in different cities throughout the United States and find the average per cent. of gross profit (total net sales less cost of inventory value of goods sold), per cent. of net profit, and per cent. of overhead expenses to net sales are as follows:

	Gross Profit. P. C.	Ov'rh'd Exps. P. C.	Net Profit. P. C.
Average 25 stores..	30.42	23.84	6.58
Highest single store	35.10	28.00	10.66
Lowest single store	27.33	18.02	3.50

"From the above it will be seen that the average cost of the merchandise was 69.58 per cent. of the net sales, and that the cost of doing business was approximately one-third of the original cost of the merchandise. In other words, when a customer buys an article for \$1, 69 cents goes to pay for the cost of it and 23 cents pays for the expense of the merchant in supplying him with the article.

"The modern retail dry goods store of to-day, conducted along the right lines, has its business divided into many different departments, each being conduct-

* E. M. Skinner of Wilson Bros., Chicago.

ed independently, so to speak, from the others. The departments are little stores in themselves. This plan is followed so that the gross and net profit or loss can be ascertained as to each department. The merchandise, when purchased, is charged to the department to which it goes, the overhead expenses are pro rated over the various departments, and likewise the sales are kept separate. This is the only method by which a merchant can tell whether a department is profitable or not. The percentages shown above, of course, refer to all departments taken as a whole.

"It must, of course, be understood that the gross profit finally realized is usually much less than the original gross profit at which the merchandise is marked up to sell. The losses on account of markdowns, special low-price sales, loss of merchandise, stolen goods, etc., are all absorbed in the final gross profit as determined for the year."*



LOSSES.

THE losses in retail credits as ascertained by an investigation of 1,000 stores covering various lines were as follows:

	Per cent. of net sales.
Furniture	1.94
Groceries .....	.47
Clothing .....	.34
Vehicles .....	.33
Hardware .....	.31
Jewelry .....	.23
Dry goods .....	.21
Department stores .....	.19
Drugs .....	.18
Shoes .....	.11
Variety goods	none

The secretary of the Retail Grocers' Association of Kansas City figures that a loss of 1 per cent. of sales is normal for an \$18,000-a-year grocery.

The most successful methods of reducing mercantile losses used by 286

merchants are: (1) A distinct understanding as to terms and limits of the credit; (2) individualizing customers—that is, knowing the man. One credit man states that he met one of his customers for the first time at a meeting of creditors; but if he had met him sooner, there would have been no meeting of creditors; (3) co-operation with trade and trade credit bureaus; (4) monthly collections and good collection methods; (5) care in accepting new accounts.



BUSINESS RISKS.

BUSINESS is divided into four main groups: Manufacturing, wholesaling, jobbing and retailing. The risk the manufacturer runs is that he may not get back the cost of his material plus the cost of manufacturing, and therefore lose not only his profit, but the capital invested or borrowed. He must have a good cost system in order to know what it costs to produce his article. Then he must sell it. It may be he manufactures an article that is in steady and wide demand, and the profits, while they may be small, are steady and certain. But if he manufactures an article subject to changing fashions, the whims of the season—novelties—a change of public opinion may seriously affect his business. The manufacture of clothing, especially that for women, which is highly a matter of fashion, is precarious when the styles are radical and the changes come suddenly and without warning. The weather, the seasons, crops and so many factors enter into the consideration of a manufacturing credit risk that it is perhaps the most difficult class to judge. Labor strikes, the tariff, loose credit methods, depreciation of plant and machinery, and improper bookkeeping methods, are all factors to be considered in manufacturing credit risks.

Manufacturing may be divided into two general classes: The manufacture of goods for consumption and the manufacture of goods for production. The

* New York Times, April 13, 1914.

manufacture of consumptive goods divides itself into goods for necessities, goods for comfort and goods for luxuries. The first class would include such products as meat, cereals, canned goods, clothing, etc.,—in fact anything to eat or wear that is not distinctly a luxury. Such articles as perfumes and toilet accessories are distinctly luxuries and could well be spared to a very large extent. As comforts may be included all those things useful but not necessary, which add to the conveniences of life.

It is obvious that an article such as meat will have a wide and constant demand, and a stock of such could be quickly turned into money. "Packing-house paper" as it is called—meaning the commercial paper issued by the great meat houses—is highly regarded everywhere. Likewise groceries of staple character which are, like meat, in constant and widespread demand. Such articles as canned goods and food products in general, that will not spoil, coffee, rice, etc., are good security for loans from a realization standpoint; but perishable articles, such as butter and eggs, vegetables, while good as collateral for bill-of-lading loans, are not of sufficient durability to make them good for a long-time loan. Wholesale hardware is a staple article, in constant demand, and not perishable, and therefore well regarded. Bankers favor print cloths, staple fabrics, woolens, white goods, and staple lines of textiles. Anything that is a necessity of life is a good foundation for credit and any well managed concern dealing in such is generally a good risk.

Production goods are such articles as are necessary in the economic development. Such would be electrical goods, farm machinery, goods used in construction work, and those articles which are used to promote industry and efficiency. But business depressions affect all lines of activity, and even though the article be in the class of productive goods that have a wide and steady consumption, depressions will naturally curtail production and competition will cut profits. Thus a lull in building will have its ef-

fect upon electrical goods, elevators, and other articles entering into construction work. Likewise furniture, while a necessity, will have its dull seasons when the economies of the people cut down expenditures to low ebb, for a large part of house-furnishing goods may well be classed as luxuries.



THE WHOLESALE AND THE RETAILER.

THE wholesaler is not burdened with a plant to maintain, machinery to wear out, a class of labor that is always crying for more wages, but he must have an expensive selling organization. The wholesaler can buy even seasonable and fashionable goods as wanted, and need not stock up heavily. The retailer is last in the list. More and more business is getting down to a cash basis, and with the extension of the department store idea, and the advantages of cash dealings growing in popular favor, the retailer as a credit risk is coming to be better understood. Moreover, his assets are largely quick assets—merchandise and accounts receivable.

In the chain of merchandising the greatest risk is taken by the manufacturer. Some credit men eliminate the manufacturer and loan to him if at all only when they have gone carefully into his affairs and become satisfied of his standing. One New York bank is said to have an officer who spends most of his time going around among manufacturers and inspecting their plants. Photographs are taken and the affairs given most careful study.



STANDARDS.

BANKING credit standards are of the highest, and the test put by the banker is more severe than by the merchant. The latter wants trade; he does not want to lose a customer; his profits

are larger than bank profits, and he can afford to assume risks; first, because it is his own money, and second for the profit that eventually attends. Moreover, the merchant-creditor may extend the credit, while the banker-creditor cannot. When the book account is due it may be extended, or allowed to run until by the slow process of the law it is collected; but the bank cannot extend its debts. They are payable on demand,

and it cannot settle one debt by incurring another as does the merchant, but it must pay or suspend. Under the Federal Reserve Act, banks will now be able to turn good mercantile credits into bank-note credits, and as long as they keep their paper in conformity with the rulings of the Federal Reserve Board, can depend upon being able to quickly turn good assets into circulating credits.

A Study of the List of Legal Investments Issued by the New York State Banking Department

By LUIGI CRISCUOLO

THE first official list of bonds which are legal investments in New York State is a compilation conspicuous for its rather novel interpretation of the law. Experts in Wall Street have had their opinions on the legality of railroad bonds turned to naught by the compiler of the list.

Imagine writing in the latter part of 1914 for an opinion on a bond of the Southern Pacific Company and bringing up the subject of gross earnings and fixed charges as provided for in subdivision (c) of the law; then imagine receiving an opinion from the Attorney General citing the earnings of the Southern Pacific Railroad Company as contained in the report of the California Railroad Commission for 1912 in order to come to a decision in 1914.

It is obvious that when "gross earnings" consist of income from lease and not from actual operation of the railroad, the gross will not always be five times the fixed charges. Thus the bonds could not be legal even though the company complied with all other re-

quirements of the law. But just why the Attorney-General used the figures mentioned in judging the income of a leased road, is a mystery. The logical manner would have been to take the statement of the Southern Pacific Railroad Company from the Southern Pacific Company report, which is issued every year, so that an opinion in 1914 need not have cited 1912 figures.

The earnings of the Southern Pacific Railroad Company for the year ended June 30, 1914, were officially reported as follows:

Gross operating revenues.....	\$52,074,239.73
Gross income from all sources	54,728,478.97
Operating expenses	33,894,611.71
Net income	\$20,833,867.26
Interest, rentals, etc.....	8,936,575.95
Surplus	\$11,897,291.31

Which showed gross earnings largely in excess of five times fixed charges, as follows:

Gross revenue	\$52,074,239.73 or rather
	54,728,488.97
Fixed charges	8,936,575.95

*Lake Shore and Michigan Southern
First 3½'s.*

In the comment which appeared on the last page of the first list issued by the Banking Department, we have the following: "Lake Shore & Michigan Southern Railway Co. First Mortgage 3½'s due 1997, etc. These bonds have been legal investments but it now appears practically certain that the gross earnings of the Lake Shore for 1914 will not be five times its interest and rental charges."

The Lake Shore 3½'s were legal under subdivision (c) No. 2 providing for refunding mortgages, the 3½'s having refunded prior liens and become a first mortgage on the entire property owned in fee, 825 miles of road from Buffalo to Chicago. Subdivision (c) provides among other things that the gross earnings must have been at least five times all interest charges and rentals.

However, the Lake Shore bonds appear to have been also legal under subdivision (a) as the Lake Shore is connected with, controlled and operated as a part of the New York Central & Hudson River R. R. Co., a New York Corporation, and is, or is about to be, consolidated with the New York Central Railroad Company, which has assumed the Lake Shore bonds. The Lake Shore's capitalization before the consolidation was \$150,000,000 bonds and \$50,000,000 stock, so that it was within the proper margin of 33 1-3 per cent. stock to 100 per cent. mortgage bonds.

If the question of gross earnings is to be brought up, let us read the law from subdivision (c):

"And provided further that during said five years the gross earnings in each year from the operations of said company, including therein the gross earnings of all railroads leased and operated or controlled and operated by said company, and also including in said earnings the amount received directly or indirectly by said company from the sale of coal from mines owned or controlled by it, shall not have been less in amount than five times the amount necessary to

pay the interest payable during that year upon its entire outstanding indebtedness, and the rental for said year of all leased lines." etc.

There appears to be no reason why "other income," whether from sale of coal, dividends from coal companies or dividends from other sources, could not be added to "gross revenue" to make a true gross revenue, so if this is allowed the following compilation may stand:

*Lake Shore and Michigan Southern Ry.
Co.—Year Ended December 31:*

	1914	1913
Operating revenue...	\$51,524,285	\$58,353,100
Other income (Est.)	7,000,000	10,473,000
Gross revenue	\$58,524,285	\$68,826,110
Fixed charges (Est.)	11,466,000	11,466,000

Thus the gross for 1914 would seem to be sufficient although the other income has been cut to five per cent. on \$140,000,000 instead of five per cent. on \$200,000,000 approximately, due to a reduced income from other sources than transportation. Of course, the figures are purely an estimate and cannot be vouched for as yet.

*Chicago, Santa Fe and California First
Mortgage 5's, 1937.*

The report of the Superintendent of Banks gives as a reason for the ineligibility of the Chicago, Santa Fe & California First 5's the fact that only \$560,000 bonds outstanding are provided for under the Atchison, Topeka & Santa Fe General Mortgage. Someone has evidently missed the fact that the remainder of the issue, \$14,790,000, is deposited with the trustee of the general mortgage as additional security for the four per cent. bonds issued thereunder. Of course there is the possibility of the deposited bonds being sold if the general mortgage is foreclosed, but that is very remote, not to say impossible. Consider that the Atchison has been paying five per cent. on \$114,000,000 preferred stock and six per cent. on \$190,000,000 common stock, and that its total net in-

come has been over twice its fixed charges for some years.

Delaware, Lackawanna and Western Bonds.

The statement is made that the Delaware, Lackawanna and Western does not appear to have earned its full rentals in recent years. How this can be possible with the following statement of earnings, I am at a loss to answer:

	1913	1912
Gross revenue	\$40,784,147	\$37,564,511
Total net income....	18,070,201	17,542,085
Int. Rentals, etc....	8,370,585	7,500,014
	1911	1910
Gross revenue	\$36,586,563	\$36,052,932
Total net income....	17,437,757	18,699,310
Int. Rentals, etc....	7,805,715	7,947,326

The Delaware, Lackawanna & Western has paid yearly dividends amounting to over \$3,000,000 for many years past. It leased the Morris & Essex in perpetuity at an annual rental of interest on its funded debt, seven per cent. on stock, four per cent. on extension stock, and assumed all of the lessor's liabilities. While the Morris & Essex may not have earned its dividends from its own operations, experience teaches us that railroad accounting in the case of leased roads is a very elastic proposition and it is evident that if the dividend was paid, the D. L. & W. must have considered it earned.

However, the Superintendent of Banks has since rescinded his decision regarding this issue.

Pennsylvania Railroad Company Real Estate 4's due 1923.

These bonds are listed as "secured on real estate, piers, etc., otherwise legal."

What this may mean is another problem. The bonds have been held legal under subdivision (b) which specifically cites all bonds of the Pennsylvania Railroad Company issued prior to 1905, with the following provisions: dividends earned and paid, four per cent. or more for ten years preceding investment; cap-

ital stock must equal or exceed one-third of par value of bonds; mortgage shall be a first on either a whole or part of railroad and railroad property or be a refunding issue. If terminal property with rails is not "railroad or railroad property," what may it be?

Manhattan Railway Company Consolidated 4's due 1990.

These bonds have been held legal under subdivision (a) of the law which covers railroad corporations of this State, with the following provisions: payment of matured principal and interest on all mortgage debt for five years preceding investment; payment of at least four per cent. in dividends for each of five years on all stock outstanding; the stock at the date of such dividend shall have amounted to at least one-third of the total mortgage debt, including all bonds issued or to be issued.

While the mortgage securing the Manhattan 4's is not closed, the mortgage debt would have to be increased by \$184,000,000 or nearly 300 per cent. in order to cause any fear. The debt of the Manhattan Railway at present stands as follows:

First Consol. 4s.....	\$39,777,000
N. Y. Elevated 5s.....	1,000,000
Second Mtg. (issued).....	5,409,000
	<hr/>
	\$46,186,000
Stock	60,000,000

There is, of course, the possibility of the issue of bonds being increased, but the matter can be easily corrected by closing the mortgage at \$180,000,000 or by making a proviso that the total bonded debt shall at no time exceed three times the amount of capital stock.



PRESENT LAW NEEDS THOROUGH REVISION.

THERE is one thing certain about the present law, and that is that it should be properly revised so that good

bonds are not excluded on slight technicalities and poor ones admitted under subdivision (e) as refunding mortgages. For instance, compare the security of New York Central Refunding & Improvement 4½'s with that of Manhattan Railway Consol 4's, and of a few others, as follows:

EXCLUDED.

Morris & Essex Ref. 3½s, 2000.
Lake Shore 1st 3½s, 1907.
Pennsylvania Real Estate 4s, 1923.
Chicago, Santa Fe & Cal. 1st 5s, 1937.
Balt. & Ohio Prior Lien 3½s, 1925.
Chicago, St. Paul, Minn. & Omaha Cons., 3½s, 1930.
Louisville & Nash. Gen. 6s, 1930, etc.

INCLUDED.

St. Paul Gen. & Ref. 4½s, 2013.
Illinois Central Ref. 4s, 1955.
St. Paul Debentures & Conv.
Fonda, Johnstown & Gloversville 4s and 6s.
Genesee & Wyoming 5s, 1929.
Mobile & Ohio 6s, 1927.
Greenwich & Johnsonville 4s, 1924.

In submitting his report, the Superintendent of Banks said in part:

"It is evident that under such a statute a bond may be a legal investment on the first day of January and not a legal investment on the last day of the same month, or vice versa, and that no person can state positively that such bonds are legal investments unless he has exact knowledge as to the facts on the date on which the statement is made.

"Notwithstanding the fact that the list is the result of much labor and careful investigation, it is not assumed that it contains the names of all bonds which are legal investments for savings banks, and it is quite possible that, owing to changed conditions since the last data with reference to some municipalities and railroads were obtained, some of the bonds believed to be legal at the time the list was prepared may not even at the present time be legal investments.

"It is hoped that the list will be found useful by the institutions for whom it is intended. I think there can be no doubt but that it will serve the special purpose for which it is designed, although it does not relieve the trustees of savings banks of the duty of making suitable investigations of their own in every case and thus supplementing the work of the department.

"It should be noted, moreover, that under the provisions of section 52 of the Banking Law, no investigation has been made with reference to the question as to whether bonds have been legally issued and properly executed. A former Attorney-General of the State has held in a case submitted to him that a savings bank must in all cases rely upon its own attorneys for advice in this respect."

I should be inclined to advise trustees and savings banks who hold securities in the excluded class not to sell them now at a loss, which would be considerable in view of depressed market values, merely because the Superintendent of Banks has placed a new and perhaps erroneous interpretation on the law. At any rate, savings banks or trustees should consult their own attorneys as to the legality of "excluded bonds" before taking steps to sell them. A new list is about to be issued containing some bonds excluded in the first list, notably New York Central Refunding 3½s and Louisville and Nashville Unified 4s. This action is said to be the result of a controversy between the leading authorities on the subject and the State Banking Department. The list was not yet published, at this writing, and may be merely the result of a compromise between interested parties. It does not weaken the contention of good authorities, to wit: that the present law is unfair and should be redrafted by a commission representing all interested parties.

A New Use for Deposit Slips

By W. R. MOREHOUSE, Assistant Cashier German American Trust and Savings Bank, Los Angeles, Cal.

WHILE our savings banks are earnestly advocating the principles of economy to the American people, many are themselves inexcusably wasteful. Evidence to substantiate this statement is not lacking. In nearly every bank there is more or less waste in the use of stationery, and it is not necessarily confined to lead pencils.

Assuming that a certain bank has just purchased for customers' use one million deposit slips, we will watch what invariably follows. It is only a short time after the delivery of these slips until the purchasing agent of the bank will receive a request from his stock clerk for another million deposit slips. The demand for this particular form

has undoubtedly been very heavy, or else there would be no necessity to re-order so soon.

To clear up any mystery that may be connected with the disappearance of so great a number of slips, let us consider the use that is made of them. However, most bankers don't need to do this, for they know that for years banks have supplied offices, homes and schools with scratch paper, and bank deposit slips were used in many instances.

Without any thought of stealing, depositors appropriate to themselves hun-

FIRST date your deposit slip. Under the date write your

name as it appears on your passbook. Itemize your deposit and add carefully. If depositing checks, list each check separately, write in the name of the paying bank. Pass the slip in to your teller with your deposit and he will enter the amount in your book.

¶ This slip is preserved by the Bank and may be referred to at any time in the future should occasion arise. Since the deposit ticket is in your handwriting there can be no dispute as to the amount deposited.

DEPOSITED WITH THE

~~GERMAN AMERICAN TRUST & SAVINGS BANK~~

LOS ANGELES, CAL. _____ 191__

BY _____

ENTER THE NUMBER OF YOUR ACCOUNT BELOW		DOLLARS	CENTS
TERM NO. _____	GOLD		
ORD. NO. _____	SILVER		
ACT. ORD. NO. _____	CURRENCY		
SPECIAL ORD. NO. _____	LAST CHECKS SEPARATELY		
P. S. BAL. TOTAL			

DEPOSIT SLIP—FACE

DEPOSIT SLIP—BACK

DEPOSITED WITH THE

GERMAN-AMERICAN TRUST & SAVINGS BANKLOS ANGELES, CAL. _____ 191____
BY _____

ENTER THE NUMBER OF YOUR ACCOUNT BELOW		DOLLARS		CENTS	
TERM NO. _____	GOLD	| | | | |	| | | | |	| | | | |	| | | | |
ORD. NO. _____	SILVER				
ACT. ORD. NO. _____	CURRENCY				
SPECIAL ORD. NO. _____	LIFT CHECKS SEPARATELY				
P. B. BAL. TOTAL					

DEPOSIT SLIP—FACE

dreds and even thousands of these slips with no other intention than that of using them for scratch paper.

Inasmuch as this practice is almost universal, a remedy must be far-reaching and general in its effect.

The printed matter on the front of the deposit slip makes this part undesirable as a place to enter memorandums, a fact which suggests a remedy. In what better way can the plain white back of these slips be used than to lithograph or print thereon an advertisement of the bank or instructions as to the proper way of filling in the form on the front?

In order to make an advertisement effective, the weight of the paper may be reduced to permit a shadow from the advertising on the back of the ticket to show through, and thus attract the depositor's attention.

It is interesting to watch the effect that an advertisement on the back of a deposit slip will have on the average depositor, especially if he has used deposit slips for many years. His cu-

Our Trust Dep't.

—amply bonded with the State, is legally authorized to act in the following capacities:

GUARDIAN
ESCROW HOLDER
EXECUTOR UNDER WILLS
TRUSTEE UNDER BOND ISSUES
RECEIVER BY COURT APPOINTMENT

and all other Trust Capacities authorized by Law.

Your Will—

Have you neglected it? Consult the Officers of our Trust Department in this important matter without feeling under any obligation.

DEPOSIT SLIP—BACK

riosity is at once aroused by the presence of printed matter where he had never seen it before, and as a rule he reads with undivided interest the advertising or the instructions as the case may be. Occasionally a person, not necessarily a depositor, in the act of dropping a pad of the slips into his coat pocket discovers the printing on the back, and in disgust throws the tickets back on the desk.

A reasonable price for deposit slips $3\frac{1}{2} \times 5\frac{1}{2}$ lithographed on good paper is $37\frac{1}{2}$ cents a thousand in lots of 1,000,000, and lithographed on two sides forty-five cents a thousand. If printing them on front and back will save sixty per cent. in the number of deposit slips purchased, and at a small additional cost of $7\frac{1}{2}$ cents a thousand, and the advertising space on 1,000,000 slips is worth what it ought to be, an enormous waste has been eliminated and an immense profit made.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Slandering a Bank

A BANK'S reputation is its life. It must depend upon the favor of the public for its support, and this favor depends largely upon the confidence of the community. It is not a difficult matter to cast suspicion upon a bank; to raise a question as to its soundness.

A few years ago it was not a serious matter to circulate damaging rumors affecting a banking institution; but of late years the law has recognized the delicacy of the matter and made it a serious offense to promulgate mischievous gossip about a bank. To go into some sections of a large city and merely pass a flippant remark may start a run that may assume dangerous proportions before it is checked.

And if rumors are disastrous in their effect, what shall be said about newspaper articles, couched, it may be, in terms that are just on the border line of libel, and yet keep within the line of safety from prosecution?

In this issue we present a case of libel against a bank, which found expression in certain newspaper articles that were thus closely bordering on libel. The defendant in this case (*First National Bank vs. Winters*) is a lawyer and conducts a newspaper. The bank had a mortgage on a certain hotel. An article was so worded as to leave the impression that liquor was sold under a license issued to a man dead two years; that the place was kept open to protect the mortgage and that the owner did not want it conducted in the manner in which it was run.

The hotel burned. The fire was commented upon in language that led the reader to infer that the bank had been

instrumental in causing the fire in order to get the insurance money.

The next article was so couched as to leave the impression that the bank had stolen \$100 from the writer. It was stated that he had deposited \$100 which had not been credited, and his account therefore became overdrawn. By a mistake in the bank a check had been wrongly charged to this account, which made the overdraft, but was quickly explained and corrected. The writer seized upon this as a pretext to make the charge.

In language which will be found more emphatic than polite, the defendant made certain statements relative to the bank, and his purpose in making these attacks, which indicates a revengeful motive and the intent to start a rival bank.

The court says, in reviewing these facts: "A bank must exist and do business by virtue of the confidence which the public has in it. Its reputation for honesty and fair dealing and faithfulness is its greatest asset, so far as obtaining business is concerned. If a bank is a known violator of the criminal law, a thief, it has no right to exist. The defendant's utterances necessarily tended to injure its credit and the business of the bank and to destroy its good reputation. They were made for that purpose. The plaintiff necessarily suffered damages unless the defendant's position in the community was such that his utterances could have no influence; and we cannot assume that his deliberate statements would be disregarded by all. It is a reproach to the due administration of the law if a lawyer and editor of a paper can with impunity make these false and malicious charges against a bank for the purpose of de-

stroying its business and with the hope of building up a business of his own. The falsity of the charges and the express malice are proved beyond all question. That there was any possible excuse for the utterances is not indicated by the evidence. The finding of the jury is so unusual, so contrary to all the evidence, that it cannot be allowed to stand. * * * The facts as proved entitled the plaintiff to recover very substantial damages."



Personal Debts Should Not be Paid by Corporate Checks

FOR the sake of again emphasizing the risks involved in the misuse of corporate funds, particularly in paying personal debts with corporate checks, attention is called to a Missouri case, *Reynolds v. Gerdelman*, in this issue.

There can be no doubt that a check of a corporation, executed by one of its officers, and offered in payment of a personal debt, carries on its face evidence that the company's funds are being used for private purposes. A check drawn by John Doe as treasurer of the Blank Company, to his own order or to the order of the creditor, and offered in settlement of private obligations has prima facie evidence that it is a use, if not a misuse of company funds.

Banks would do well to advise their depositors to refuse all such checks offered by company officials in personal matters. It is for their own protection. A leading bond house in New York has notation on its billheads, prominently displayed, that it will not accept bank checks for bonds sold to officials personally. And they are taking the proper stand.

It may be a bona fide transaction in the majority of cases. The cash may be paid for the check or the officer properly charged with the amount; but this the creditor cannot know, and need not assume the risk involved in accepting such an instrument.

Compounding a Felony

WHERE the cashier of a bank discovers that he holds a note with forged endorsements, and by threat of prosecution obtains a guarantee of the same, he does not help his case; he makes it worse. In a current case (*Catskill National Bank vs. Lasher*) the cashier made such a discovery, swore out a warrant for the arrest of the forger, and with the constable proceeded to the residence of the latter "in shape to do business," and under threat of the law obtained the signatures of those whose names had been forged to a guarantee of payment, and therefore discontinued legal proceedings. In thus agreeing not to prosecute for the felony, the cashier committed a crime—innocently enough, but a breach of the law nevertheless. The guaranty was void, the consideration being a contract to compound a felony; and the endorsements being forged could not bind.



Notice of Protest

IN the protesting of negotiable instruments it is obviously important that the notice of protest be sent to the parties liable thereon without delay and to their proper address, so there will be no delay. And a notice properly addressed and deposited in the mails will be deemed to have been delivered unless facts are shown to the contrary. The mail service is wonderfully efficient, and miscarriage is not the rule, but the exception. Where the instrument contains an address, it is presumed that the party intended notice to be sent in accordance therewith; and notice sent to such address fully protects the holder.

But if error is made in the number of the house, it cannot be claimed that it was "duly mailed," particularly in a large city, where congestion exists and a few numbers distant is equivalent to a few blocks.

In a recent case the notice was sent to "Bertha Bretbard, 162 Rivington St.,

New York," instead of "Bertha Breitbart, 169 Rivington St.," and it was held not to be "duly addressed," according to law. (See *Century Bank vs. Breitbart*, in this issue.)



Libeling a Bank

NEW YORK.

False Statements Tending to Injure a Bank.

New York Supreme Court, Appellate Division, Third Department,
January 6, 1915.

FIRST NAT. BANK, WAVERLY, *VS.* WINTERS.

False articles in a newspaper, charging that a bank, as mortgagee of a hotel, was instrumental in causing the sale of intoxicants to be carried on therein, in violation of law, and that the bank, which had not credited defendant with a deposit, after notifying him that his account had been overdrawn, admitted the mistake and gave credit for the deposit, are libelous, tending necessarily to injure the credit and business of the bank.



ACTION by the First National Bank of Waverly, N. Y., against Byram L. Winters. From a judgment for defendant, and an order denying new trial, plaintiff appeals. Reversed and remanded.



STATEMENT OF FACT AND OPINION:

JOHN M. KELLOGG, J.: The verdict is so clearly against the evidence that it is unnecessary to consider the exceptions taken upon the trial. The publications apparently were written by a lawyer, who had in mind the law of libel and was seeking to approach as nearly the dividing line between criticism and libel as he could without becoming liable to indictment or for damages. The articles are long, and are in

various issues of his paper, and it is unnecessary to repeat them. No fair-minded man can read them without knowing just the meaning the writer intended to convey, and without appreciating the sense in which the ordinary reader would understand them.

The plaintiff is carrying on a banking business in the village of Waverly. There is also another bank there. The defendant is a lawyer, and the editor of a paper in the village. The plaintiff had a mortgage upon the Tioga Hotel, in the village, for \$6,000; the hotel being insured for about \$12,000. Some of the policies were for the benefit of the mortgagee. The mortgage covered other real estate, worth from \$3,000 to \$4,000.

The first article, in substance, charged that traffic in liquor was being carried on in the hotel under a license issued to a man who had been dead two years, and that the place had been kept open in order to protect the mortgage, and that it was done against the wishes of the owner, who did not want a license in this place, and did not want it continued in the manner in which it is being run. The only fair and reasonable intent and meaning of the article is a charge that the plaintiff was causing this business to be carried on in violation of law.

The next article related to the burning of the hotel, which took place after the publication of the first article. If it meant anything, and was not the utterance of a man who did not know what he was talking about, it intended to charge, and could only be understood as charging, that the plaintiff had burned the hotel, or caused it to be burned, in order to get the insurance money.

Another article, if understood by the man who wrote it, and as it must have been understood by those who read it, charged the bank with stealing from the defendant \$100. It was accompanied by a statement that he had deposited \$100 with the bank to the credit of his paper, the Waverly Free Press-Record, which had not been credited upon the bank book, and that afterwards the bank reported that his ac-

count was overdrawn. He claimed otherwise, and the bank wrote him that they were not infallible, and had made a mistake, and that thereafter he changed the Free Press account to the other bank. No such transaction ever took place. He did have an account in the bank in the name of the Waverly Free Press-Record. There was also an account in the bank in the name of the Waverly Fire Department. Two checks had been drawn by the Waverly Fire Department, which by the mistake of some clerk in the bank had been charged upon the ledger against the Free Press account. This error resulted in an apparent overdraft of the Free Press account of \$81.30. The circumstance was discovered promptly, and explained apparently to the defendant's satisfaction in October, 1907, as he continued the account in the bank; the last deposit being September 21, 1908. He evidently grasped this little circumstance to base upon it a false publication, intending to be understood, and being understood, as charging the bank with the crime of larceny.

The facts relating to the fourth charge were sworn to by the witness, Nicholson, who overheard a conversation between one Mickelham and defendant to the effect that the defendant said he was going to start a new bank, and had parties who would subscribe \$75,000. Mickenham suggested that it would be better to consolidate the present banks, and make one strong bank, rather than to start more. Defendant said, with reference to the plaintiff: * * * "That they were thieves and robbers, and that they tried to steal \$100 from him, and that he would land the gang before he got through with them."

On cross-examination the witness said that the defendant made some explanation with reference to the \$100 that the bank tried to steal from him. He really could not follow the conversation through, but understood that the bank had written a letter about an overdraft, and had written that it was their mistake.

The defendant was not sworn as a witness, and it did not appear that he believed any of the statements were true. This evidence from a witness is uncontradicted:

"Defendant said, 'I am going to bust the bank;' and I said, 'What is your object in busting the bank?' and he said, 'If I do, I will start one of my own.'"

This last statement furnishes the only reasonable explanation why a lawyer and editor could make these utterances against the plaintiff. A bank must exist and do business by virtue of the confidence which the public has in it. Its reputation for honesty and fair dealing and faithfulness is its greatest asset, so far as obtaining business is concerned. If a bank is a known violator of the criminal law, a thief, it has no right to exist. The defendant's utterances necessarily tended to injure the credit and the business of the bank and to destroy its good reputation. They were made for that purpose. The plaintiff necessarily suffered damages, unless the defendant's position in the community was such that his utterances could have no influence; and we cannot assume that his deliberate statements would be disregarded by all.

It is a reproach to the due administration of the law if a lawyer and editor of a paper can with impunity make these false and malicious charges against a bank, for the purpose of destroying its business and with the hope of building up a business of his own. The falsity of the charge and the express malice are proved beyond all question. That there was any possible excuse for the utterances is not indicated by the evidence. The finding of the jury is so unusual, so contrary to all the evidence, that it cannot be allowed to stand. The case is not one where a verdict in favor of the defendant can stand upon the evidence; neither is it a case for nominal damages. The facts as proved entitled the plaintiff to recover very substantial damages.

The judgment is therefore reversed, and a new trial granted, with costs to the appellant to abide the event. The

court disapproves of the finding that the defendant did not libel and slander the plaintiff, and that the plaintiff is not entitled to recover damages herefor. All concur.

(151 N. Y. Supp. 332.)



Corporation Check For Private Debt

MISSOURI.

*Misuse of Corporate Funds for Private
Debts, Corporation Checks.*

St. Louis Court of Appeals, Missouri,
Nov. 3, 1914.

REYNOLDS VS. GERDELMAN.

A check of a corporation, signed by an officer, given in payment of a personal debt, known to be such by the creditor, carries notice on its face of its irregularity, and the creditor in accepting the same takes the risk of being called upon to make restitution.



ACTION by Matt G. Reynolds as receiver of the Continental Assurance Company of America against Ben Gerdelman. Judgment for plaintiff, and defendant appeals. Reversed without remand.



STATEMENT OF FACT:

THIS is an action for money had and received. The plaintiff is the receiver of the Continental Assurance Company of America, a corporation, and sues to recover the sum of \$52.85, being the proceeds of a check issued by said corporation to the defendant. The cause was tried below by the court, without a jury, resulting in a judgment

for plaintiff, and is here upon the defendant's appeal.

The evidence discloses that the Continental Assurance Company of America was incorporated under the laws of the state of Missouri to do an insurance business. It seems that a certificate of incorporation had been issued to the incorporators thereof, but that the latter never succeeded in obtaining subscriptions to all of its capital stock, and the company never received a license to transact business in the state as an insurance company. At the time of the transaction here in question, to-wit, January 7, 1910, the defendant was conducting, in a small way, a business of repairing automobiles, and furnishing automobile supplies. In the course of his business he received and cashed the check in question, which was executed in the name of the Assurance Company, by Harry B. Gardner, secretary. On behalf of plaintiff there was nothing whatsoever to show for what the check was issued. A notation upon a stub in the Assurance Company's checkbook was to the effect that the check had been issued "for H. B. Gardner," the latter being then secretary of the company. The defendant testified that he could not recall the transaction, which took place nearly three years before the trial below; that his business was very small at the time, and that he then kept no regular books, and had no record of the matter: that he did at the time in question almost exclusively a cash business, and made no inquiry as to who was purchasing from him in such transactions.



OPINION OF THE COURT:

ALLEN, J.: From the record before us we are unable to see how the judgment can be sustained. One theory upon which the action proceeded was that the defendant was liable as for having received and cashed a check of the corporation executed by an officer

thereof in payment of the latter's private debt. There can be no doubt that where one receives the check of a corporation executed by one of its officers, in payment of a debt known to the creditor to be such officer's private debt, the check carries notice upon its face of its "irregular and illegal character," and if accepted by the creditor the latter takes the risk of being called upon to restore the proceeds. See *St. Louis Charcoal Co. vs. Lewis*, 154 Mo. App. 548. But this theory is not here tenable, for the reason that it does not appear that any private debt of the company's secretary was paid by the check. In fact nothing appears as to what took place, beyond the evidence on behalf of defendant tending to show that it was a cash transaction. It may be inferred that the defendant sold supplies of some sort to, or did repairing for, some one who gave this check in payment therefor; but it does not appear that there was anything to lead him to suppose that it was other than a company transaction. Plaintiff, therefore, cannot be permitted to recover upon this theory.

But plaintiff's case proceeds also upon the theory that since the Continental Assurance Company had not complied with the insurance laws of this state so as to entitle it to a license to do business as an insurance company, and had not obtained such license, it could transact no business whatsoever, and that the defendant was bound to take notice of its limited powers. As to this, plaintiff relies upon provisions of section 6900, Rev. Stat. 1909, providing that, when a certificate of incorporation shall have been issued to the corporators of such a company:

"They shall be a body politic and corporate, and may proceed to organize in the manner set forth in their charter, and to open books for subscription to the capital stock of the company, and keep the same open until the whole amount specified in the charter is subscribed, but it shall not be lawful for such company to issue policies or transact any business of any kind or nature

whatsoever, except as aforesaid, until they have fully complied with the requirements of this article."

And in this connection we are referred to *Ellerbe vs. Bank*, 109 Mo. 445, in which the Supreme Court had occasion to consider the effect of this provision of the statute in question. But we think that what is there said as to the limited powers of such a corporation, prior to obtaining a license to do an insurance business, can have no application to the facts of the case before us.

The statute provides that after receipt of the certificate of incorporation the corporators "may proceed to organize in the manner set forth in their charter, and to open books for subscription to the capital stock," etc. And though the statute forbids the company to issue policies to transact business "except as aforesaid," it is clear that upon the receipt of such certificate it becomes a corporate entity for the purpose of entering into contracts for the sale of its capital stock. See *Van Noy vs. Insurance Co.*, 168 Mo. App. loc. cit. 296. This much it may undoubtedly do. In the case before us there is no question as to the validity of any agreement claimed to have been made by the company, as in the *Ellerbe Case*, supra. The record discloses absolutely nothing regarding the transaction in question, beyond the bare naked fact that a check was issued in the company's name and delivered to the defendant. Plaintiff contends that under the ruling in the *Ellerbe Case*, supra, the defendant was bound to take notice of the limited powers of the corporation. But we fail to see how this can be here pertinent, in view of the fact that the record is barren of any evidence to show that the corporation did in fact exceed its corporate powers.

As said above, the corporation had authority to take subscriptions to its capital stock; and it is reasonable to suppose that incident to this it would be necessary that expense be incurred in procuring such subscriptions, and it may be that the item paid for by this

check was an item of expense of this nature. It is unnecessary for us to say what powers the corporation might exercise in the premises, since for aught that here appears the promoters and incorporators thereof may have provided a fund for just such purposes, which for convenience was deposited in bank in the company's name and drawn upon to pay such expenses. We can only know what took place from what appears in the record before us! and nothing whatsoever appears touching the matter beyond the fact that a check was issued in the company's name.

The theory pursued by plaintiff appears to be that defendant was bound to take notice that this check was drawn upon funds, derived from the sale of the company's stock, which could not lawfully be diverted to the payment of preliminary expenses. But surely defendant cannot be held to notice of something which, from the record before us, is not shown to have occurred. There is absolutely no evidence that any such funds were drawn upon in issuing this check, or that any funds whatsoever were thereby misused. It is evident that the check was drawn upon some fund placed to the company's credit in bank; but by whom placed there, and for what purpose, does not appear. Under the evidence adduced, it may be that the promoters of the company personally provided funds to cover expenses incident to the procuring of subscriptions to the capital stock and which were disbursed by company checks. We cannot say otherwise when the record reveals nothing on this score. And in such a case we think it quite clear that the company, or its receiver, could not recover from one who had accepted a check drawn upon such fund in payment of some such item of expense.

To sustain plaintiff's contention would be to say that a check cannot lawfully be issued in the name of such a corporation, at the aforesaid period of its existence, though it be incident to the taking of subscriptions to its capital stock, and no matter from what source the funds upon which it is drawn are derived, and,

though the corporation may have received and retained the benefits of the transaction, that nevertheless it or its receiver may afterwards recover the amount of such check, upon the mere showing, alone, that the defendant received and cashed the same. We are not prepared to so hold. The *Ellerbe Case*, *supra*, appears to be no authority in support of such a remarkable, not to say pernicious, doctrine.

Beyond this we express no opinion regarding the operation and effect of the aforesaid statutory provisions, confining our decision to the facts of this record, and leaving that question to be dealt with when it is before us.

And relative to plaintiff's right to recover in this proceeding, it may be well to observe that this is an action for money had and received, which, though maintainable at law, is of an equitable character, governed by principles of equity, and, in general, lies whenever one person has received money belonging to another which in justice and good conscience he should not be permitted to retain. See *Stout v. Hardware Co.*, 131 Mo. App. loc. cit. 529; *Henderson v. Koenig*, 192 Mo. 709. And as said by Goode, J., in *Stut v. Hardware Co.*, *supra*:

"A fact essential to the remedy is that the person who received the money is not entitled, in good conscience, to retain it."

In the case before us the evidence supports the inference that the defendant in good faith furnished supplies, or work and labor, or both, and received in payment therefor the company's check. Surely something must appear to show that the defendant is not now entitled, in equity and good conscience, to retain the proceeds thereof, in order to entitle plaintiff to recover in this action.

Upon the whole, we see nothing in the record to authorize a recovery by plaintiff. The judgment should therefore be reversed, without remanding the cause. It is so ordered.

(170 S. W. Rep. 1153.)

Joint Makers

ALABAMA.

Parties, Fraud, Judgment, Evidence.

Supreme Court of Alabama, November 7, 1914.

JACKSON V. GEORGIA FIRE INS. CO.

In an action against joint makers of a note judgment may be rendered against one maker in favor of the others.



Action by the Georgia Fire Insurance Company against H. L. Jackson. From judgment for plaintiff, defendant appeals. Affirmed.



DE GRAFFENRIED, J.: 1. In an action against two or more persons as joint makers of a promissory note, which is, under our statutes, a joint and several obligation, judgment on verdict may be rendered against one of the makers and in favor of the others. *Burns & Co. v. Moore & McGee*, 76 Ala. 339.

2. The defendant (appellant here), Jackson, pleaded, in substance, that his signature to the note had been procured by the fraud of its payee, Mason. The plaintiff, among other replications to the above plea of the defendant, filed the following:

"The plaintiff pleads further and says that the note on which this suit is founded was before maturity, indorsed by the payee thereof to the Farmers & Merchants' Bank to secure a bona fide loan of money then and there made by the said bank to the payee of said note; and, without notice to the said bank of any defense thereto, that the payee of said note at the time the loan was made and before the maturity of said note authorized the said bank to sell the note at public or private sale for the satisfaction and payment of said loan, if said loan was not paid when due; that said loan was not paid when due, and

after due notice to the payee of said note after default in the payment of said loan by the payee of the said note, this note was sold to the plaintiff and the proceeds of said sale were applied on said loan."

The note sued on was negotiable, and this replication brings the plaintiff directly within the protection of sections 5012, 5013, and 5014, of the Code of 1907, which relate to the rights of the holders of commercial paper acquired by them in the due course of business. The trial court committed no error in overruling the demurrer to the above replication.

The plaintiff filed, in addition to the replication above set out, another replication showing that it was a holder, in due course, of said note, and that replication, for the reasons above set out, was not subject to the defendant's demurrer.

3. In this case there were three makers of the note. One of the makers filed, among other pleas, a plea of non est factum. One of the makers filed no plea, and the appellant, the other maker, filed the plea to which we have above referred. The plea of non est factum cast the burden of proving the execution of the note by the defendant who filed the plea upon the plaintiff. The plaintiff offered no proof as to the execution of the note by the defendant who filed the plea of non est factum. In fact, he did not offer the note in evidence as to her. As there was, then, no evidence before the jury as to her liability on the note, the court properly gave affirmative instructions in her behalf to the jury, and there was a verdict and judgment in her favor.

4. The fact that the bank, to whom, in the due course of business, the payee of the note transferred the note, knew that the payee was in trouble, or had been in trouble, with an insurance company about the misapplication of some of its funds received from insurance notes, was of no relevancy in this case. No insurance company is laying any claim to this note because of its misapplication.

The plaintiff bought this note from the bank and paid the bank for it. We presume that the appellant attempted to raise, by this *hint* in the testimony, the question as to whether if the payee was, at the time he procured the note, acting for the appellee, Georgia Fire Insurance Company, and if the note was given to the payee for the benefit of his undisclosed principal as a premium on a policy issued or to be issued to one of the makers of the note by said Georgia Fire Insurance Company, and if the note was procured by the fraud of the payee, then that, as the Georgia Fire Insurance Company was bound by the fraud of its said agent, the payee, the said Georgia Fire Insurance Company, being in fact, through its said agent, a party to the fraud, was not in a position to buy the said note from the bank and to thus acquire a good title to the note.

The trouble with the appellant is that this *hint* in the testimony does not raise the question for him. If he had shown by legal testimony that his signature to the note was procured by the fraud of the payee, a different question would be presented. The burden was on the defendant (appellant here) to sustain, by legal evidence, the allegations of his plea. This he did not do. He did, indeed, have evidence that he signed the note under certain representations, but he offered no legal evidence whatever as to *their falsity*.

If Mrs. Parrish did not request Hale to procure the signature of the appellant to the note, he should have offered legal evidence of that *fact*. The appellant was not in a position to testify, from his knowledge, whether Hale had misrepresented the facts or not. Hale knew, and so did Mrs. Parrish, but appellant did not know, and could not therefore so testify. Mrs. Parrish filed several pleas in the case; among others, that she had not requested that appellant should sign the note and that the addition of his signature to the note was without her knowledge or consent.

These *separate* pleas of Mrs. Parrish were *no* evidence, on behalf of *appel-*

lant, who had *his separate* pleas in the case, and tended, in no way, to establish any fact which the jury could consider on behalf of appellant. When a party to a cause files a plea, he must, if he expects to recover on that plea, offer the evidence which the law says is sufficient to meet the legal requirements of the plea. The appellant had no right to expect, and the law did not require the plaintiff to offer any evidence in support of its *replication* to the plea until the appellant had offered some evidence in support of the material allegations of his plea. When the appellant rested, under the pleadings and the evidence, this case should have there ended. The plaintiff was then, under all the evidence, entitled to the affirmative charge. We deem it unnecessary to discuss, therefore, any of the objections which were interposed by the appellant to the rebuttal evidence of the plaintiff. Under all the *evidence* in this case the plaintiff was entitled to affirmative instructions in its behalf.

Affirmed.

(66 So. Rep. 588.)



Set Off

NEW YORK

*Right of Indorser to Set Off Deposit
Against His Liability as Indorser.*

New York Supreme Court, Appellate
Division, First Department, December 4, 1914.

CURTIS v. DAVIDSON

The indorser on an unpaid note, when sued alone, may set off his deposit against the amount of a note on which he is indorser without showing the insolvency of the makers.



APPEAL from Special Term, New York County.

Action by Rensselaer L. Curtis, as receiver of the Atlantic National Bank,

against Henry Davidson. From an order denying motion for judgment on the pleadings, plaintiff appeals. Affirmed.



STATEMENT OF FACT AND OPINION

McLAUGHLIN, J.: Complaint alleges that on April 16, 1913, the Atlantic National Bank was found to be insolvent, and plaintiff appointed receiver of the same; that among its assets, at the time of such appointment, were 19 promissory notes, aggregating \$2,600.61, which had been discounted by the bank, and upon which the defendant was indorser; that none of the notes matured prior to the insolvency; that at maturity they were not paid, were duly protested, and notice thereof given to the defendant. The answer does not deny the material allegations of the complaint, but alleges, by way of set-off, that at the time the bank became insolvent, and the plaintiff was appointed receiver, the defendant had a deposit therein amounting to \$647.66, and he asks that the judgment demanded by plaintiff be reduced to that extent. After issue had been joined, the plaintiff moved, under section 547 of the Code of Civil Procedure, for judgment on the pleadings. The motion was denied, and he appeals.

The appellant admits that, if the action were against the makers of the notes, they would be entitled to set off their deposit balances in reduction, pro tanto, of the claims asserted against them, but he claims the allowance of such set-off to an indorser, in the absence of an allegation of the makers' insolvency, would result in an unlawful preference in favor of the indorser; in other words, that an indorser should not be allowed to set off his deposit balance against his liability on a note, without alleging and proving the inability of the maker to pay. I have, however, been unable to find any authority which holds that, when the indorser alone is

sued, his right to set off a balance standing to his credit when the bank became insolvent is dependent upon his alleging and proving the insolvency of the maker, and I can see no good reason why such set-off should not be allowed. The receiver acquired the assets of the bank subject to all defenses and set-offs which might have been interposed in an action brought by it. *Scott v. Armstrong*, 146 U. S. 499. 13 Sup. Ct. 148, 36 L. Ed. 1059. Had the bank brought this action, instead of the receiver, clearly the defendant would have had a right to offset against the plaintiff's claim whatever deposit balance the bank held standing to his credit. *Van Wagoner v. Paterson Co.*, 23 N. J. Law, 283.

Matter of Middle District Bank, 1 Paige, 585, upon which the appellant chiefly relies, has not escaped my attention. That was not an action where an indorser sought to set off his balance, but simply an application for instructions, by the receiver of an insolvent bank, to the chancellor. The instructions given cannot be said to have defined the rights of an indorser in an action by the receiver in which the indorser is made sole defendant.

The bank of which plaintiff is receiver was organized under the National Banking Act, and, in determining whether this would be a proper set-off under that act, the rule prevailing in the federal courts should be followed. *Frank v. Mercantile National Bank*, 182 N. Y. 264, 74 N. E. 841, 108 Am. St. Rep. 805. The right of a depositor in an insolvent national bank to set off his deposit against the amount of a note upon which he was sued as indorser was settled in *Yardley v. Clothier* (C. C.) 49 Fed. 337. In that case *Butler, J.*, said:

"We do not consider it important that the defendant's obligation is that of an indorser simply. His undertaking was complete, and his obligation absolute, when he placed his name on the note. Nothing remained for him to do. * * * The fact that he might be discharged

by act of the maker, or failure to protest and give notice, is unimportant. * * * Whatever character, however, may be ascribed to the defendant's obligation, the receiver took it, such as it was, subject to the right of set-off which the defendant then had."

This decision was subsequently affirmed by the Circuit Court of Appeals (51 Fed. 506, 2 C. C. A. 349, 17 L. R. A. 462), and approved by the Supreme Court of the United States in *Scott v. Armstrong*, *supra*. The same rule was applied in *Re Shults* (D. C.) 132 Fed. 573. See, also, *Arnold v. Niess*, 1 Walker (Pa.) 115.

I think the motion for judgment on the pleadings was properly denied. The order appealed from, therefore, should be affirmed, with \$10 costs and disbursements. All concur.

(150 N. Y. Supp. 305.)



Forged Endorsement on Note

NEW YORK.

*Guaranty - Consolidation - Liability of
Bank of Acts for Cashier.
Estoppel.*

Supreme Court, New York, Appellate
Division, 3rd Department, January 6, 1915.

CATSKILL NAT. BANK VS. LASHER.

Where the cashier of a bank, being the holder of a note on which the indorsements had been forged, induced the indorsers to guarantee their indorsements on threat to prosecute the maker, the bank will be held to have assented to his acts.



ACTION by the Catskill National Bank against Herbert W. Lasher and another. From a judgment for defendants (84 Misc. Rep. 523, 147 N. Y. Supp. 641) plaintiff appeals. Affirmed.

STATEMENT OF FACT AND OPINION.

SMITH, P. J.: Prior to August 24, 1909, one W. Platt Fisher presented to the plaintiff bank two promissory notes, purporting to be endorsed by Herbert W. Lasher and Nelson P. Lasher, who are defendants in this action. One of these notes was for \$100 and interest, dated May 25, 1909, payable in four months. The other note was dated August 9, 1909, payable in four months, with interest, and for the sum of \$150. The plaintiff discounted the said notes, paying the proceeds thereof to W. Platt Fisher.

Upon the 24th of August, 1909, the plaintiff's cashier, P. Gardner Coffin, became suspicious of the genuineness of the signature of Nelson P. Lasher upon these notes. Nelson P. Lasher was the father of Herbert W. Lasher and the father-in-law of W. Platt Fisher. Upon that day Coffin went to Nelson P. Lasher and Herbert W. Lasher, and learned that their signatures upon the said notes were forgeries. Coffin thereupon told them that he would be out to see them that evening "in shape to do business." Thereafter and upon the same day he swore to an information for the arrest of W. Platt Fisher. A warrant was procured and placed in the hands of a constable. That night he went to the residence of the defendants, taking the constable with him, who, however, left the conveyance just before they arrived at the defendants' residence. The defendants, however, knew that he was there. Coffin thereupon wrote upon the back of the notes the following memorandum:

"We severally and jointly guarantee the endorsements on the within note to be correct, and jointly and severally guarantee the payment of the same when due."

This he procured to be signed by the defendants, and thereupon returned to Catskill, taking the constable with him, not having served the warrant. There is evidence to the effect that when Coffin procured the warrant he stated that he

probably would not need it, as the matter probably would be settled. There is further evidence that after he returned from Catskill, and upon the next day, he returned the warrant to the justice of the peace who issued the same, saying that the matter had been settled, and the warrant and information were thereupon destroyed. When the notes became due they were duly protested, and this action is brought to recover thereupon.

At the close of the evidence, both parties moved for a directed verdict. This submitted to the court the questions both of law and of fact, and thereafter an order was entered dismissing plaintiff's complaint. No decision, however, except the said order, was ever made by the judge, and no findings of fact and law were ever signed by him. By strict practice this case should be sent back to the Special Term judge for findings of fact and law, upon which this judgment can stand. But with the power given to us under section 1317 of the Code of Civil Procedure, inasmuch as the conclusions to be drawn from the evidence are clear, and a jury has in fact been waived, this court may find the necessary facts either to sustain or to reverse the judgments entered.

The learned trial court dismissed the complaint upon the ground that there was no consideration for the defendants' promise. This we think was error. If these signatures were in fact forged, as it is assumed throughout the case, the bank at the time of the discovery had at once the right to disregard the notes and to sue W. Platt Fisher for moneys had and received. After taking from these sureties their guaranty of the genuineness of the endorsement and their guaranty of the payment of the notes when due, this right was suspended, and the bank had no authority to demand payment thereof from the principal until the due date of the notes. This extension of time was in law a sufficient consideration for the defendants' promise.

It seems to be clear, however, upon the facts of the case, that this con-

tract was made for the purpose of compounding a felony. It is clear that Coffin understood that these signatures were forged. He had gone so far as to swear to an information, upon which a warrant was issued against Fisher for the forging of the signatures. It is nowhere claimed that they were genuine, and is assumed throughout the case that they were wrongfully put upon the note by Fisher. The defendants were warned that Coffin would come to their house that night "prepared to do business." He came there with a constable, armed with a warrant for Fisher's arrest. This guaranty was signed by the defendants, relatives of Fisher, for the purpose of saving the son-in-law and brother-in-law from arrest. That such was their purpose is clearly evidenced by the facts in the case, and was known to Coffin at the time that he took their guaranty. Knowing that it was so understood and intended by the defendants, the bank, as represented by Coffin, will be deemed to have assented thereto. So that, if the contract had been lawful, Coffin would have been bound to refrain from prosecution of Fisher for his crime. The agreement not to prosecute for a felony constitutes a crime, within section 570 of the Penal Law, and it is unnecessary to cite authorities to the effect that a contract made in violation of positive law gives no right of action for its enforcement.

The burden of the plaintiff's contention rests upon the claim that the defendants are estopped from denying the validity of their endorsements upon these original notes, and the action is brought upon those original notes. Plaintiff rests largely upon the case of *Rothschild vs. Title Guarantee & Trust Co.*, 204 N. Y. 458, 97 N. E. 879, 41 L. R. A. (N. S.) 740.

I am unable to find, however, in this transaction any elements of an equitable estoppel. There was no representation that these endorsements were originally genuine, and, if there were, there was no reliance upon any such representation by Coffin who knew the fact that they were not genuine. The plaintiff

has been in no way misled to its prejudice, and failure to prosecute and demand payment is based solely on its reliance upon this new guaranty contract, which is invalid because tainted with crime. In the case cited, upon which reliance is placed, the plaintiff, who sought to have canceled a mortgage, made payments upon a mortgage upon which her signature had been forged, but of which fact the defendants had no knowledge, so that the defendants took no steps for the collection of said mortgage, relying upon the validity of the instrument, which was thus asserted by the plaintiff in making payment thereupon. In that case the defendant was misled, and it was held so far to his prejudice as to create an equitable estoppel as against the plaintiff. As stated before, however, this element is wholly lacking in the case at bar.

The judgment should therefore be affirmed, and this court should find as a fact that the memorandum of guaranty, which is the only evidence of defendants' liability, was made in consideration of the implied promise by Mr. Coffin, acting for the bank, not to prosecute W. Platt Fisher for the crime of forgery. All concur, except KELLOGG, J., who dissents.

(151 N. Y. Supp. 192.)



Stockholder's Liability

NEW YORK.

New York Supreme Court, Appellate
Division, First Department, December 31, 1914.

VAN TUYL, SUPT. OF BANKS, V. LEWIS,
ET AL.

In a suit by the superintendent of banks to enforce the liability of stockholders of an insolvent trust company under Banking Law, § 196, a stockholder, who was also a creditor of the company, was not entitled to offset the pro rata amount that would eventually be paid to him as a creditor, as this would destroy the whole scheme contem-

plated by the statute for the enforcement of the liability of stockholders and the distribution of the amount realized from time to time among those entitled thereto, and statute does not contemplate a determination of matters of this character, dependent upon the number of claims established, the value of the assets realized, and the expenses of the liquidation, in an action to enforce the stockholders' liability. (From N. Y. Supplement.)



ACTION by George C. Van Tuyl, Jr., as Superintendent of Banks of the State of New York, against Liston L. Lewis and others. From an order overruling a demurrer to a defense and counterclaim in the answer of the defendant named, plaintiff appeals. Reversed, and demurrer sustained.



OPINION OF THE COURT:

McLAUGHLIN, J.: The plaintiff, as superintendent of banks of the State of New York, brought this action, pursuant to section 19 of the Banking law, against all of the stockholders of the Carnegie Trust Company to enforce their individual liability under section 196 of the same law. The respondent was the owner of 347 shares, par value \$34,700, of the capital stock of the insolvent trust company. In his answer he pleaded as a "defense and counterclaim" the indebtedness of the trust company to him in the sum of \$35,593.24 for legal services rendered to it by a firm of which he was a member; its claims for that amount having been assigned to him. He demanded judgment that the complaint be dismissed, and that he recover the full amount of his counterclaim. The plaintiff demurred to the defense and counterclaim on the grounds (a) that it was insufficient in law upon the face thereof; (b) that it was not of the character specified in section 501 of the Code of Civil Procedure; and (c) that it did not state facts sufficient to constitute a cause of

action. The demurrer was overruled, and it is from that order that this appeal is taken.

It is to be noted that the alleged claim of the defendant against the trust company is not pleaded as an equitable set-off. No liability is admitted, and the prayer for judgment is that the complaint be dismissed, and a recovery had for the full amount claimed. It is good neither as a defense nor counterclaim. If the defendant has a cause of action, it is against the trust company, and not the plaintiff. He is merely a custodian and liquidator of the trust company, and an action cannot be maintained against him upon a claim existing against the trust company which he is liquidating. *Lafayette Trust Co. v. Higginbotham*, 136 App. Div. 747; *Richardson v. Cheney*, 146 App. Div. 686, affirmed *Richardson v. Van Tuyl*, 208 N. Y. 541.

Nor could the trust company enforce the individual liability of its stockholders. The right to enforce such liability is given by section 19 of the Banking Law to the superintendent of banks, and is exercised by him, not on behalf of the bank, but on behalf of its creditors. *Hirshfeld v. Fitzgerald*, 157 N. Y. 166; *Farnsworth v. Wood*, 91 N. Y. 308; *Van Tuyl v. Scharmann*, 208 N. Y. 53. In *Lantry v. Wallace*, 97 Fed. 865, affirmed 182 U. S. 536; it was held that a demand against an insolvent bank could not be interposed as a counterclaim in a suit where the receiver sued merely as the representative of creditors for the enforcement of a stock liability, which was created by the statute solely for their benefit.

The learned judge at Special Term seems to have regarded the facts pleaded as an equitable set-off, and, treating it as such, was of the opinion that it did state a cause of action for that purpose, since the defendant should be allowed to offset the pro rata amount of the fund that would eventually be paid to him as a creditor. Assuming that the defense and counterclaim can be so treated, I do not think, upon the facts stated, they constitute any defense to the action.

When stockholders are, by statute, made "equally and ratably" responsible for the debts of a corporation, as they are under section 196 of the Banking Law, those stockholders who are also creditors cannot set off, against their liability as stockholders, claims which they have against the corporation. *Matter of Empire City Bank*, 18 N. Y. 199; *Barnes v. Arnold*, 45 App. Div. 314, affirmed 169 N. Y. 611; *Cook on Corporations*, Sec. 225; *Taylor on Corporations*, Sec. 732.

To permit them to do so would be to destroy the whole scheme contemplated by the statute investing the superintendent of banks with the power of enforcing the liability of stockholders and distributing, from time to time, among those entitled thereto, the amount realized. The assets are to be marshaled, the debts ascertained, and a pro rata division made among the creditors. The amount thus divided is to be paid from time to time as the court may direct.

I do not see how it would be possible in this action, except as the end of the litigation, to determine just what amount, if any, would ultimately be paid to the plaintiff, assuming that he established his claim. The amount to be paid must, of course, depend upon the number of claims established, the value of the assets realized, and the expenses of the liquidation. This can only be determined when the affairs of the trust company have been wound up and a final distribution ready to be made. The statute does not, I think, contemplate that in an action to enforce a stockholder's liability these facts should be determined.

Nor do I think the case of *Mosler Safe Co. v. Guardian Trust Co.*, 208 N. Y. 524, holds to the contrary. There an action was brought to enforce the liability of a stockholder which arose under section 303 of the Banking Law, which is quite different from the one here under consideration.

For these reasons, I think the order overruling the demurrer should be reversed, with \$10 costs and disbursements, and the demurrer sustained, with

\$10 costs, with leave to the defendant to serve an amended answer, on payment of such costs. All concur.
(150 N. Y. Supp. 786.)



Notice of Dishonor

NEW YORK.

Liability of Endorser. Notice of Protest Duly Addressed.

City Court New York, February 4, 1915.

CENTURY BANK OF NEW YORK VS.
BREITBART.

When a notice of protest is duly addressed and deposited in the post office, the sender is deemed to have given due notice, notwithstanding any miscarriage in the mails, and the holder of the note is put upon his common-law proof that notice was duly addressed. Notice to be "duly addressed" must be sent to the address given on the note where such address is given.



ACTION by the Century Bank of the City of New York against Maylich Breitbart and Berta Breitbart on a note. Judgment entered against Maylich Breitbart by default, and directed in favor of the defendant Berta Breitbart.



STATEMENT OF FACT AND OPINION.

RANSOM, J.: The question submitted for my determination without a jury, was, in substance, whether the plaintiff bank has sufficiently shown that notice of protest was given to the defendant Berta Breitbart, endorser on a promissory note made and delivered by her husband, or whether she was discharged from liability as such endorser by reason of the bank's failure to give her such notice. Neg. Instr. L. section

160. In addition to an answer which put the allegation of notice in issue, the defendant Berta Breitbart served and filed an affidavit (Code Civ. Proc. Sec. 923) denying that she had ever received any notice of the dishonoring of the note, and she reiterated this denial upon the witness stand (Union Bank of Brooklyn vs. Deshel, 123 N. Y. Supp. 585). The plaintiff bank claims that it seasonably mailed such notice to the indorser as well as to the maker, and used all diligence in notifying both. Under such circumstances, it contends that the endorser's actual nonreceipt of the notice, if found to be the fact, would be immaterial, in view of the provisions of section 176 of the Negotiable Instruments Law. State Bank vs. Soloman, 84 N. Y. Supp. 976; Feigenspan vs. McDonnell, 201 Mass. 341, 87 N. E. 624.

Reference to the provisions of that section discloses, however, that its salutary declaration that "the sender is deemed to have given due notice, notwithstanding any miscarriage in the mails," is explicitly limited in application to those cases "where notice of dishonor is duly addressed and deposited in the post office." Has the bank proved the mailing of a notice "duly addressed" to Berta Breitbart? The notary's certificate avers such a mailing, but the affidavit of nonreceipt (Code Civ. Proc. Sec. 923) destroys even the *prima facie* force of that certificate and puts the plaintiff to its common-law proof (Dupont de Nemour vs. Rooney, 63 Misc. Rep. 344, 117 N. Y. Supp. 220) of the seasonable mailing of a notice "duly addressed."

The defendant endorser, in placing her signature upon the note in suit, "added an address," No. 169 Rivington street, and section 179 of the Negotiable Instruments Law requires that, where an address is stated on the instrument itself, "notice of dishonor must be sent to that address." Certainly a notice of dishonor otherwise addressed and not actually received cannot be said to have been "duly addressed," so as to secure for the bank the benefit of the conclusive presumptions created by section 176.

In the case at bar, the notary testified, and his sworn certificate of protest averred, that he had made out and mailed notices of protest to both Maylich and Berta "Breitbart" addressed to each of them at No. 169 Rivington St. It developed, however, from the production of the same upon the trial, that the purported notice to the maker, as to which the notary made oath so confidently, was in fact addressed to "Bretbard" rather than "Breitbart," was plainly addressed to "162 Rivington St.," rather than the address given on the note, and was not delivered to the addressee in the regular course of the mails at all, but was later handed to him, in an opened condition, by an unidentified boy of the neighborhood. Berta Breitbart testified that she never received any notice of protest, and had no knowledge of the receipt of any by her husband. In view of the notary's indubitable mistake in both his certificate and his testimony, as well as in both the address and the name on the notice to Maylich Breitbart, it seems not at all improbable that the same or other or greater mistake was made as to Berta Breitbart. No. 169 Rivington street was the residence of the latter and her husband, and was the husband's place of business. Without setting forth here the facts at greater length, I am obliged to conclude that the bank has not established that its attempted notice to Mrs. Breitbart was "duly addressed," in compliance with the law. It certainly has not convinced me that Mrs. Breitbart's denial is perjured or her nonreceipt of the notice improbable. Inability to show that the notice was sent to the endorser at the correct address relieves her from liability. *Cuming vs. Roderick*, 28 App. Div. 253, 50 N. Y. Supp. 1053; *Dupont de Nemour vs. Rooney*, 63 Misc. Rep. 344, 117 N. Y. Supp. 220; *Montgomery Co. Bank vs. Marsh*, 7 N. Y. 481; *Ebling Brewing Co. vs. Reinheimer*, 32 Misc. Rep. 594, N. Y. Supp. 458; *Siegel vs. Dubinsky*, 56 Misc. Rep. 681, 107 N. Y. Supp. 678; *Bartlett vs. Robinson*, 39 N. Y. 187; *Howard vs. Van Gieson*, 61 N. Y.

Supp. 349, 46 App. Div. 77; *University Press vs. Williams*, 48 App. Div. 189, 62 N. Y. Supp. 986.

In determining this question, I have endeavored to make a careful examination of reported decisions in many of the forty-eight states and territories which have adopted the Negotiable Instruments Law, but I find no indication in other commonwealths of views at variance with those deducible from decided cases in this state. I have made this scrutiny of decisions under the parallel sections of the Negotiable Instruments Law in other states, because of the great public importance that this statute "shall be so interpreted and construed as to effectuate its general purpose to make uniform the laws of those states which enact it." Not only is this rule of interpretation of the so-called "uniform statutes" one which should be followed is all good faith by the courts whenever questions of the interpretation of such a statute are presented, but counsel in such cases should feel it as important and necessary to bring to judicial attention the corresponding decisions of sister states as those of the courts of this jurisdiction. Except where courts of this state have passed upon the same question, decisions of the courts of other states, interpreting identical provisions of "uniform statutes," should be accepted by our trial courts with the same authority as though rendered by our own tribunals. Unless both courts and counsel act with this mutual appreciation of the peculiar status of these "uniform statutes" and the salutary purposes sought in their enactment, it will hardly be possible to avoid that peril of conflicting adjudications by the courts of different states, based upon identical provisions of these uniform laws—a peril "that has the potency to reduce to wreckage the efforts of both (uniform law) commissioners and state Legislatures towards uniformity."

Judgment may be entered for the defendant Berta Breitbart. Submit findings on one day's notice.

(151 N. Y. Supp. 588.)

Banking Publicity

Conducted by

T. D. MACGREGOR

Advertising a Bank and a Building

A Well Planned Scheme of Publicity to Exploit a Building and Secure Bank Depositors

By ARTHUR WARREN INGALLS

IN advertising a building the obvious and restricted purpose is simply to fill it with tenants. Such campaigns are not very frequent, although we have recent example in the advertising of the new Equitable Building in New York City, and the former general publicity campaign for the Fifth Avenue structure.

It is a common matter nowadays to see extensive efforts put into the erection of a tremendous block only to find desultory work on its completion devoted to securing occupants.

Recently, in Lynn, Massachusetts, a city of about 100,000 inhabitants, and one of the centres for the General Electric Company as well as a leading shoe city, the largest bank in the county erected a new banking and office building. At once there was a demand for tenants as well as new depositors for the bank.

The structure was a fine appearing one, a veritable ornament and a monument to the city. The public were easily led to become interested in it, looming as it did before their eyes, each day. Hence a scheme of newspaper advertising was inaugurated which would use this interest as a basis for publicity.

The desire which every bank has for more depositors was even less important, for once, than the call for tenants for a modern building with its tremendous overhead running expenses. Also

the situation was most complex, because in few cities is banking competition keener than in Lynn, made the more acute by its proximity to Boston; furthermore, on the two opposite corners of the street, two other office buildings were being rapidly completed, which would bring immediate competition to the doors of the Security Trust Company.

On considering a plan of operations, it was deemed advisable to concentrate all advertising at first on the building itself, to explain its special features, the modern construction, splendid equipment, safety and fire-proof qualities; and thus, by laying stress on the excellence of the building, secure tenants and draw the inference, as well, that the bank was the leader in its class, as truly superior as the building itself evidently was.

Such advertising had to be forcible, individual and methodical. The customary dignity of bank advertising had to be modified in favor of a more striking form of expression.

For an advertising medium the newspapers were selected, with a space of six inches, three columns, in all the local daily papers, three in number. The front pages were used every other night. Every night the story might grow tiresome and less space would injure the strength of the set up. The idea, as planned, was most distinctive and effective.

First, advertising copy emphasized the facilities, comforts and conveniences of this modern building. And it was necessary, too, without direct allusion, to lay stress on the points of superiority of the Security Building over all others, especially the neighboring competitors. In no way was it a "knocking" cam-



The Security Trust Company A Bank of "Service First"

The plan of "Service First" will be the guiding rule of the new Security Trust Company.

"Safety First" which dominated the construction of the building is naturally followed by "Service First" in the bank itself.

Service for every depositor, whether his bank balance be a few dollars or many thousands.

Service that will be rapid, complete and efficient, with no delays or crowded lines at paying or receiving tellers' windows.

Service that will be as perfect as in the leading banks of the world.

And every depositor will share in these benefits of our new banking offices.

Every young man, opening his first account, as well as our oldest depositor, will welcome this new Security service, possible only in a modern bank, the largest and finest in Essex County.

Your bank, if not now, eventually.

SECURITY TRUST COMPANY
LYNN, MASSACHUSETTS.

My Bank, the New Security Trust Company

"My check account and my savings account, for convenience and safety, have been opened in the new Security Trust Company."

"The 'Bank of the hour' in Lynn."

"It isn't the smallest account, nor yet the largest, but if it were, it would receive no greater service, be held in greater safety, nor be placed more conveniently for my immediate needs."

"Here my funds are absolutely secure, my checking account gives me a receipt of all expenditures, my savings account allows me to lay away funds for a 'rainy day,' and my financial dealings are guided by the advice of friendly, efficient officers of the bank."

"Moreover, I am banking with an institution which is the finest of its kind in Essex county, a monument to the city, the object of admiration of every visitor and every citizen."

"In life—yes, even after death—holding my money in trust for my family—it is my most faithful friend, my most powerful ally."

"For me now, for my friends, eventually, it is the bank to bank in—The Security Trust Company."

SECURITY TRUST COMPANY
LYNN, MASSACHUSETTS.

"Greatness Is Nothing, Unless It Be Lasting."

It was not for a year, a decade or a generation that the Security Trust Building was built.

Every element of construction was based on the principle of lasting service to owners and tenants.

It was built on the theory that "Nothing is done while yet anything remains to be done."

Hence every detail that would make this building fire-proof throughout, every convenience that would give greater comfort and better service must, of a necessity, be found in this finest office building in Essex county.

A monument to the city; it is naturally the home sought by Lynn business men for their offices.

And best of all, these offices are offered at a Moderate Rental.

Security Trust Company,
Lynn, Mass.

SPECIMENS FROM A SERIES USED BY THE SECURITY TRUST CO., LYNN, MASS.

paign, however. Insinuation proved more effective than accusation. The idea was to emphasize so strongly what the Security had that you felt certain the other fellow must lack it!

From copy that dwelt on swift elevators, efficient janitor service, fresh, clean, well-lighted offices, to straight bank copy may seem a far cry. But it was different in practice than in theory.

In renting offices the appeal was necessarily made to but a few hundred people who were possible tenants. But the audience of possible banking customers reached into the thousands. It would have been expensive work advertising to the one, if it were impossible at the same time to reach the other.

Copy along these lines, therefore, skipped lightly from the fire-proof building with its "Safety First" to the

"Service First" of the bank itself. This tickled the sensibilities of the man who wanted the best. He saw with his own eyes that he was getting it in the building itself and he could draw the natural conclusion that he would also get similar service in a banking way.

The excellence of the banking building was couched in the following terms:

AN OFFICE BUILDING OF SURVIVAL VALUE.

The new Security Trust Building to rank as the finest in Essex County and be comparable only with the best in the country, must have merits that will last and endure—"survival value" qualities.

Not simply talking features, but merits that will exist for all time.

Here, then, there is no place for wood or plaster construction, thin partitions, tarred roof, or hollow floors.

Every element of construction is built on a standard of survival value for lasting safety and constant service.

Fire, water, wear, tear, sun or storm will waste their strength on the powerful, massive Security Trust Building.

Fifty years or a hundred are like weeks in the life of such a building.

And finally, to quote:

"If a man can write a better book, preach a better sermon or make a better mousetrap than his neighbor . . . the world will make a beaten path to his door."

SECURITY TRUST COMPANY

Lynn, Mass.

The change over to bank copy came with the introduction and follow up of "Service First" copy, as shown in the accompanying cut, which also well typifies the style of set up used in the regular advertisements.

Happily, too, the public caught the idea. A new feeling of interest was aroused in the bank. They were shown the connection between a splendid institution and its unusual home. They recognized in the strength of this building a certain inherited strength in the bank itself.

It was almost allegorical advertising, if such a thing is possible.

As an example of a new idea in advertising which may well be utilized successfully by bankers and other business men, it is worthy of careful consideration, for what has worked out in one city satisfactorily may well be profitable elsewhere.

In advertising, as in any other business, when you have once directed the popular mind into a definite channel of profitable thought, you will continue to collect dividends on your investment of ideas for an indefinite period.

The Story a Bank Directory Tells

BANK directories aren't as dry as they look. They tell an interesting story about every bank in the country.

Consult "The Red Book" and you will find many cases where new banks have sprung up and outstripped their older competitors.

In some instances, possibly, because the old banks had all the business they wanted.

In many more because the new banks had more red blood and a better system of getting business.

They used modern banking methods, which means in a degree modern advertising methods.

The growth of a bank is largely the result of its business-building system, coupled with the real merit of the institution.

All bankers believe in system, but some don't believe in advertising and place their dependence on personal contact.

Others believe in advertising as a means of coming into personal contact with many whose paths they seldom cross.

There's no discounting personal contact as a means of building business.

Advertising multiplies opportunities for personal contact.

The fact that advertising hasn't paid this bank or that bank doesn't condemn advertising; it clearly reflects on certain men and the methods they used.

It wasn't mere chance that has made the advertising of some banks wonderfully resultful; it was the plan behind.

A plan which was the result of long and painstaking study of the advertising proposition—the Bank Advertising proposition.

A bank can make known its merit and the services it has to perform in a dignified way.

No ideals of conservatism need be shattered in doing it.

On the contrary, its conservatism may be strongly emphasized through conservative publicity.

ANNOUNCEMENT

On and after March 1st, 1915, the undersigned banks, members of the Syracuse Clearing House Association, will pay **4%** interest on dormant accounts computed on Savings Bank rules.

First National Bank
Merchants National Bank
Third National Bank
Salt Springs National Bank

National Bank of Syracuse
Commercial National Bank
The Syracuse Trust Company
The City Bank of Syracuse

Trust and Deposit Company of Onondaga

PLEASING TO DEPOSITORS

The reason why so much of our circulating medium is tied up by hoarders is that people don't realize the benefits of having a checking or savings account.

They don't know what an important part the bank could play in their welfare.

Somebody must tell them. Who will if the banks don't?

One reason why so many confide their savings to promoters is that they are asked to do so.

Many more would confide their savings to banks, but they are waiting to be asked.

Have a broad and intelligent advertising policy. If you can't develop one from your own experience, get some help.

It won't cost you nearly as much as it will save you.

It needs a plan to advertise a bank, just as much as it needs a plan to advertise Shredded Wheat.

It was an advertising plan that made Shredded Wheat a household word.

A carefully developed policy will make your bank a household word in your community.

Be persistent. John Wanamaker says that advertising doesn't jerk; it pulls.

You can't advertise spasmodically and keep people coming steadily.

Keep on persuading the man who is almost persuaded.

The time to stop advertising is when you don't want more business, or care to keep what you have.

Don't expect a short campaign to accomplish results. Take your year's appropriation, divide it into monthly units, keep everlastingly at it and slowly but surely results will come.

Better not advertise at all than advertise for a little while and stop.

Make your advertising a continuous story of your bank's service, of its desire to be of substantial aid to its clients. Tell the story interestingly and people will learn to seek out your advertisement and read it.

Cut out the standing card, whether in a newspaper or on a trinket. Make every cent you spend talk your business, and talk it well.

Don't repeat an advertisement in a newspaper. When you read your paper you want news. When you run across

an item you have read before, you mentally belabor a slothful editor.

You shy off the second an item sounds familiar.

Your advertisement is treated just the same way. Don't think for a moment people are going to read your card over and over again. Why should they?

Your bill won't be any higher if you put new copy into your space each issue.

And think how much more you can tell the people in a given number of issues.

Don't be afraid you will exhaust your theme. You couldn't do it.

The better your message is written the greater the results. Don't be highfalutin or talk over people's heads. Talk to them. Aim at their hearts.

Not every one can write good bank advertisements. Not every banker would give it the time even if he had the talent.

Space is expensive. The better the copy that goes into it the less the cost, measured by the results that come out of it.

In the final analysis the advertiser is buying results. The copy he puts in his space determines what the results shall be.

On the same principle that an acre planted with tested seed will produce more corn than an acre planted with any old seed.

Have a good, strong heading. If the first five words (which the reader takes in at a glance) don't arouse interest, your ad. is doomed to blush unread and waste its message on the desert air.

What matters it if the writing of a good advertisement costs you a little money if it makes a whole lot of people want to do business at your bank?

Don't leave it to a careless publisher to give you good display. An attractive looking ad. will catch your eye—other folks are built the same way.

Try to arrange for space at top of column adjoining reading matter, local page always preferred.

Adopt a distinctive style. Make it different from every other ad. in the

paper. Then it will stand out so no one can help seeing it.

Insist on plenty of white space all around your message. That will make it stand out more.

Mention the street address of your bank in every advertisement. In that way you will impress your location upon the minds of readers.

If you use a trademark in your ad. have the same device displayed on your window or outside the bank. Then the passer-by will say to himself, as he sees it, "That's the place," and the impressions which your advertisements have built in his mind will be revived at just the moment he comes within hailing distance of you.

Avoid jokes, frivolities and trite sayings. Next to his religion a person's financial affairs are the most serious business of his life. You can't joke serious minded people into your bank.

You can't impress people's consciousness with wornout expressions. Don't lull the reader to sleep with familiar croonings. If you can't say something new, say it in a new way.

Shun grotesque and fanciful illustrations. Never use a negative sort of copy, suggesting unpleasant things. People who are scared into the bank are easily scared out.

Don't look upon your publicity as an expense or a necessary evil. Properly done it is the most profitable investment you can make.

Let every advertisement be a handshake. Then when people come across your threshold—some of them timidly—let them be put quickly at ease.

Give them the courteous and considerate attention your advertising has promised.

Your institution will be judged by the first impression the newcomer receives.

Let every officer and employee back up your advertising. See that they do it. Insist that they know just what you are saying to the public, and make it their individual policy.

Never use the same copy twice. Remember you are advertising in newspapers.

Monday Is Dollar Day

Come Down and Open an Account in

The American National Bank With ONE DOLLAR

Make this a start on the THRIFT PATH, add to it each pay day. Build upon this dollar your SECURITY AND SERVICE for the future



American National Bank OF RICHMOND, VIRGINIA

CAPITAL AND SURPLUS.....\$1,000,000.00
RESOURCES.....\$0,500,000.00

A Swelled Bank Account Is a Sign of Expanding Thrift

The man who wishes to get on top must SAVE, else the opportunities that come to the THRIFTY are lost to him.

BE A SAVER—BE PREPARED.

The American National Bank OF RICHMOND, VIRGINIA

Capital and Surplus.....\$1,000,000.00
Resources.....\$0,500,000.00

SECURITY AND SERVICE

Thrift Club Coupon No. 9 Due This Week.

Our Trust Department Is Now Open

The Federal Government has given us a special permit to act as EXECUTOR, ADMINISTRATOR, TRUSTEE, etc.

This department will be conducted in our new TRUST ROOM, where YOU are invited to consult our Trust Officer freely and without charge. All interviews will be treated as confidential.

The American National Bank of Richmond, Virginia.

TOTAL RESOURCES, \$0,500,000.00

A Plan to Help the Girls and Boys

We will GIVE any girl or boy a little Home Savings Bank upon the deposit of ONE DOLLAR for our Savings Department. This will help those SAVE who really want to become THRIFTY, but do not feel that they can pledge themselves to any specific amount each week.

This is an ideal way to save for VACATION. TRY IT AT

The American National Bank OF RICHMOND, VIRGINIA.

CAPITAL AND SURPLUS, \$1,000,000.00
RESOURCES, \$0,500,000.00

SECURITY AND SERVICE.

Thrift Club Coupon No. 9 due this week.

The Long Arm of Management

has far-reaching effects upon your business program. Do you employ the best and most conservative methods of conducting your finances?

We are in a position to give you expert advice in this line. Confer with us before making a transaction. Our wide experience in all lines of finance will enable us to give YOU sound valuable suggestions that will prove the efficiency of the SECURITY AND SERVICE rendered by

The American National Bank

of Richmond, Virginia.

Capital and Surplus.....\$1,000,000.00
Resources.....\$0,500,000.00

Thrift Club coupon No. 10 due this week.

Don't Drop the Real Object for Its Shadow

—as the fable runs.

DON'T go into an investment because it LOOKS big. BE SURE that you are safe, then proceed. Ask the advice of a valuable institution that only offers for sale that which they have TRIED and KNOW to be dependable

The American National Bank

OF RICHMOND, VIRGINIA.

is only satisfied when it knows that its customers are receiving the best SECURITY AND SERVICE.

Capital and Surplus.....\$1,000,000.00
Resources.....\$0,500,000.00

Thrift Club coupon No. 10 due this week.

Plant the Seed of Your Success NOW

Nourish it with conservative business principles. Learn the most practical and best methods of financing from a strong reliable institution. This is the way to establish your business and assure its expansion and SUCCESS.

The American National Bank

Of Richmond, Va.

Give a personal interest in the growth and development of its customers' success.

CAPITAL & SURPLUS, \$1,000,000.00
RESOURCES, \$0,500,000.00

Thrift Club Coupon No. 8 due this week.

BE A TORTOISE

Do you remember the story of the tortoise and the hare—how by being constant, though slow, the tortoise reached the goal, while the hare laid down to rest after his brilliant burst of speed.

BE A TORTOISE—YOU CANNOT AFFORD TO REST.

Systematic and regular attention to business through the years is much more valuable than spasmodic effort. The REGULAR saver is the one with the big bank account. The man who REGULARLY meets his obligations is the man with the best credit.

The American National Bank

of Richmond, Virginia.

will help every TORTOISE, and the movement begins AT ONCE.

GET BUSY AND STAY BUSY.

Capital and Surplus, \$1,000,000.00
Resources, \$0,500,000.00

SECURITY AND SERVICE.

Thrift Club Coupon No. 11 Due This Week.

Changing copy every issue (if it's good copy) will produce ten times the results of a standing card or unchanged copy. Remember that your newspaper advertising is nine parts copy and one part space.



Getting New Business

Ideas of Fred W. Ellsworth, Publicity Manager, Guaranty Trust Company, New York

EVERY business man realizes the necessity of getting new business and that the best means is by personal work. In banks and trust companies this is accomplished by officers, directors and employees. The next best substitute is the individually signed letter. The possibilities of the personal letter being limited, we are naturally brought to a consideration of advertising as the best substitute.

Bad advertising includes the old-fashioned card which merely announces name and location; calendars, programmes, fool novelties, etc. Good advertising includes that kind which talks directly to the prospect either by means of newspaper and other periodicals or by booklets. In newspaper advertising, consideration should be given to dress or appearance, message or copy and location or position in paper. The advertisement to achieve its purpose must first attract, then awaken interest, then convince, then incite to action. The best dress for a newspaper advertisement is to have the heading and the signature of the institution in display type with the "story" in plain newspaper type between the two display lines. The entire type matter should be surrounded by a frame of white enclosed in a single rule. The story should be brief and as a rule must emphasize but one point at a time. The best location in the paper should always be sought, and this is top of column next to reading matter. Good results are obtained from what is known as timely advertis-

ing such as recently enacted laws, new inheritance tax law, war tax law, etc.

Better results could no doubt be obtained from advertising if put out on the community basis and paid for pro rata by all interested institutions. Some communities have successfully carried out this plan and I believe it would prove successful if tried by the banks and trust companies of New York city.



How Banks Are Advertising

Note and Comment on Current Financial Advertising

WHEN the Comptroller of the Currency issued his special warning against overdrafts several weeks ago, many national banks referred to the matter in their advertising. Not a few used a special folder reproducing the official letter and commenting thereon. In some communities the banks united in a statement to the public, like this one published in Rock Island, Ill.:

THE BANKS OF ROCK ISLAND


take this means of notifying depositors that in accordance with the orders issued by the Controller of the Currency to the National Banks, and by the State Auditor to the State banks forbidding overdrafts on checking accounts, the ruling will be strictly observed.

Central Trust and Savings Bank,
German Trust and Savings Bank,
People's National Bank,
Rock Island National Bank,
Rock Island Savings Bank,
State Bank of Rock Island.

The banks of La Crosse, Wis., published this similar notice:

The undersigned banks of La Crosse beg to announce that under instructions from the Comptroller of the Currency and the State Banking Department and by action of their Directors, no overdrafts can be allowed on and after March 1st. Depositors are urged to make sure that funds are in bank to cover checks before issuing them.

The National Bank of La Crosse,
Batavian National Bank,
State Bank of La Crosse,
Security Savings Bank,
Exchange State Bank.




1915 Statement of Condition March 4th 1915

RESOURCES		LIABILITIES	
Loans and Discounts	\$21,427,917.29	Capital Stock	\$ 2,000,000.00
Overseas	1,899.23	Reserves and Profits	2,094,790.15
United States Bonds	1,442,888.00	Circulation	1,152,000.00
Municipal and Other Bonds	2,445,295.52	Deposits	36,527,825.90
Bank Building	750,000.00	United States Bond Account	321,000.00
Cash and Other Items Bank	11,113,791.19	Premiums Reserve Fund	100,000.00
Over from Federal Reserve Bank	968,491.87	Unsettled Letters of Credit	82,450.52
	\$37,718,392.90		\$37,718,392.90

OFFICERS
 JOHN MERRITT, President
 THOMAS H. WILSON, Vice President
 JOSEPH A. BRAUN, Cashier
 CHARLES E. FARWORTHY, Auditor
 JOHN E. GLEATY, Asst. Cashier
 JOHN H. CANNELL, Asst. Cashier
 HORACE B. LARSEN, Asst. Cashier
 B. A. BRUCE, Asst. Cashier

FIRST NATIONAL BANK
TRUST & SAVINGS CO.

OUR officers and directors are all successful men. They are well known for their experience, judgment, and integrity. Their personal interest in this bank extends to its customers. Their interest in you may bring success your way.



1915 Statement of Condition March 4th 1915

RESOURCES		LIABILITIES	
Loans and Discounts	\$ 6,975,126.45	Capital Stock	\$ 1,250,000.00
Municipal and other Bonds	2,987,662.34	Undivided Profits	108,226.64
Notes	54,986.13	Deposits	6,966,967.26
Premiums	1,271,436.00	Reserve for Taxes	15,000.00
Cash and Other Items Bank	369,111,211.16		\$6,715,233.90
	\$6,715,233.90		\$6,715,233.90

OFFICERS
 JOHN MERRITT, President
 THOMAS H. WILSON, Vice President
 FRED J. WOODLAWN, Cashier
 GEORGE B. MERRITT, Auditor
 ROBERT S. CRAWFORD, Trustee

FIRST TRUST & SAVINGS CO.
NATIONAL BANK

As your executor, this Company attends to the probate of the Will, the collection of assets and the discharge of obligations. It places at your disposal a staff of highly trained specialists in this work, and your estate will be managed for more efficiently than it can possibly be by any individual.

THIS IS THE ATTRACTIVE WAY IN WHICH THE FIRST NATIONAL BANK AND FIRST TRUST AND SAVINGS CO. OF CLEVELAND PRESENT THEIR STATEMENTS OF MARCH 4, IN A LARGE 11 x 17 FOLDER

Savings clubs of one kind and another seem to be sweeping the country. Conditions brought about by the European war are making people save who never thought of it before, and banks are pushing their savings departments in their advertising. There are Christmas Savings Clubs, Weekly Savers, Vacation Savings Clubs, Premium \$1,000 Savings Clubs, Thrift Savings Clubs, etc. One of the latest recruits is the National City Bank of Chicago, which announces a "Savings Investment Club," as follows:

JOIN OUR SAVINGS INVESTMENT CLUB.

\$1.00 Weekly Dues.

Let us help you earn more than 3 per cent. interest on your money.

We will pay you 3 per cent. per annum on your weekly deposits and when you have \$50.00 to the credit of your account will lend you \$50.00; this amount (\$100.00) to be used in purchasing a bond which will yield a higher rate of interest.

Special Clubs—weekly dues of \$2.00, \$5.00 or \$10.00—to purchase a \$500 or \$1,000 bond.

Inquire at our Savings Department for full details, or send for Booklet.

It isn't every bank that feels that it needs to advertise for loans. There doesn't seem to be much difficulty in getting good loans without asking for them. But some banks do advertise for loans, especially banks dealing with farmers. This is what the First National Bank of Langdon, N. D., said in a recent advertisement:

EVERY POSSIBLE DOLLAR.

The First National Bank is willing to lend, with the proper safeguards, every dollar that it is allowed to lend by the laws and by the dictates of sound banking, always maintaining a sufficiently high cash reserve.

We are not "hoarding" our funds, and we trust our depositors and the people of Langdon generally will realize fully that money in circulation is the lifeblood of trade, and that there is no better way to get money into circulation than through the bank.

The Woodlawn Trust and Savings Bank, Chicago, issues a bi-monthly house organ called "Woodlawn Bank Notes." It is a particularly interesting publication and ought to do the institution a lot of good. For a smaller bank

in a large city or for a bank located where there is no daily newspaper a good house organ is a splendid advertising medium. In fact for almost any bank this method is to be recommended. The house organ supplements and cements all other forms of publicity used. It gives scope for the human interest, touch and space for a complete and varied exposition of banking service.

©

A good argument for four per cent. compound interest as a satisfactory rate of income was used in a recent advertisement of the Security Trust & Savings Bank, Los Angeles. It read:

IS 4 PER CENT ENOUGH?

Four per cent. with absolute security is far better than a higher rate with any less degree of safety. Your savings are your principal. Any sacrifice of them in quest of higher rate means loss of income. "Safety first" means as much to the individual as it does to a Bank.

The name "Security" is no accident. It was adopted advisedly by this bank's founders. Never has the Security failed in its stewardship. "Four per cent." here means assured semi-annual cash dividends. Re-investment of interest earnings is automatic. The wage earner or the capitalist who invests money here *knows* that four per cent. compound interest assures steady increase in his capital.

©

Ed. T. Kearney, president of The Mid-West Bank, Sioux City, Iowa, has developed an advertising style of his own. He hits the high places only and the result is a rather jerky style, but it gets there just the same. Sample:

The Time to Save—NOW—TODAY.

The Place—HERE—"Where Welcomes
Wear Well."

The Result—Smiles—Sunshine—Happiness—
Old Age Comfort—Protection for "That
Rainy Day."

Get our Savings Bank—Our Savings Book.
KNOW for yourself—"The little Bank
'round the corner"—"Safe as a Govern-
ment Bond"—that's YOUR Bank—
when you KNOW.

Promptness—Accuracy—Courtesy—Appreciation—EVERYTHING—in GOOD
Banking for ALL the People.

The poster stamp advertising idea continues to grow in favor with bankers as the craze for collecting the high art poster stamps spreads throughout the country. Besides the "Thrifty Alexander" series, which many banks are now using, there are a number of other good ones, among them being some with pictures of the bank building or its safe deposit vault.

©

James A. Sigafoose, cashier of the Marshall County Bank, Moundsville, W. Va., sends us a novel "Safety First" sign, circular in form and six inches in diameter. The circular space of one inch from the edge is solid red with the words "Safety First" in large white letters. The title of the bank in the center is printed in black and white. A little cord is attached to the back by which to hang it up. The bank is distributing these among factories and other places where machinery is used, the idea of the sign, of course, being to warn of physical danger in the factory and at the same time to indicate that "Safety First" is the bank's motto likewise.

©

W. J. Kommers, vice-president of the Old National Bank, Spokane, Wash., in a recent conversation with the editor of this department, said that a business man in his city told him that it was easy for a tenant in the Old National Bank's building to make credit arrangements because the merchant knows that the Old National Bank looks up prospective tenants very carefully before leasing quarters to them. Mr. Kommers made the suggestion to the writer that the fact that a man had a checking account with the Old National Bank was a similarly strong recommendation, because the institution is very particular as to how its checking accounts are conducted. This advertising idea is hereby passed on to the fraternity at large.

©

Just as baseball fans were awakening from their winter's lethargy this

spring, the Merchants National Bank, St. Paul, on the sporting page of the local newspaper ran this advertisement, written by the editor of this department:

THE PINCH HITTER

comes to the bat with the score tied and the bases full. He makes a hit that lets in three men and scores a home run for himself.

It's the same way in money matters. The man with a savings account at the Merchants National Bank is ready for emergencies or opportunities calling for ready cash. He has confidence in himself and others have confidence in him because his batting average at the savings department is high.

MERCHANTS NATIONAL BANK

Capital\$2,000,000
Surplus and Profits\$2,300,000

Saint Paul.

The Bank of Personal Service.



It is a mooted question whether or not it is good advertising for a bank to run a long reading article in its newspaper space. The German-American Trust and Savings Bank of Los Angeles is doing this serially, each article being headed by this introduction:

This is one of a number of open letters published by this Bank at irregular intervals on the relations of Depositors and Bankers, and kindred topics of mutual interest. As a rule, the observations will apply generally to all Banks as well as this.



The City National Bank of Evansville, Ind., A. F. Bader, advertising manager, is also doing this once a week. The matter used by both of these banks is interesting and instructive, but the questions is, will the average newspaper readers read eight inches of solid 8-point type matter in a financial advertisement? Our guess is that he won't unless he happens to be interested in the subject already. We think it is better advertising to run the talk as a news article in a column adjacent to the advertisements, as is done with the "Talk

on Thrift" and bank ads. reproduced from a Salt Lake City newspaper. Then, whether or not the article is read, the ad. will be. Undoubtedly a long reading matter ad. is better than a mere bank card, but it is not as good as a snappy well displayed ad. in the same space. Mail order advertisers paying very high prices for space have used this style of advertising successfully. Anybody who wishes to testify for or against the essay style of bank advertising can have the floor of this department.



The following Des Moines banks unite to publish in preferred position in local newspapers the A. B. A. "Talks on Thrift" weekly:

Peoples Savings Bank, Commercial Savings Bank, Century Savings Bank, Central State Bank, Des Moines National Bank, Des Moines Savings Bank, State Savings Bank, Mechanics Savings Bank, Iowa National Bank, Iowa State Bank and the Iowa Trust Savings Bank.



The redoubtable Elbert Hubbard himself took a little journey through The City National Bank of Evansville, Ind., recently and the result is a truly Roycroft booklet of twenty pages and cover, for a copy of which we are indebted to A. F. Bader, advertising and safe deposit manager for the bank. The radio-activity of the brain of the Sage of East Aurora is supplemented by some very fine engraving and presswork on the part of the confreres of Ali Baba. Altogether this "Little Journey" booklet is one that the recipient will not lay aside as quickly as the Fra's famous "Essay on Silence."



Comment on Reproductions

THE advertisement of The San Diego Savings Bank is a dandy. Mechanically, it must have been put together by a printer who took an honest pride in his work. The Salt Lake ads. are well placed next to the "Talk on

WHY you should start a Savings Account with this Strong Bank

Semi-annual interest due July First on Term Savings Accounts will be payable on and after June 20.

The Bank that serves YOU the BEST should be the Bank for YOU. Supreme safety for your funds, and superior service is assured you here. The confidence that the public has in the wise, conservative management of the California Savings Bank is evidenced by the fact that the number of depositors has doubled in the past year.

Courtesy and attention to the needs and wants of each and every depositor of this Institution has won for this Bank the reputation of being "the most obliging, most courteous Bank in the city." Complete banking service and every modern convenience that adds to the comfort of our patrons is provided for in our spacious, conveniently-located quarters.

WELCOME! Feel at home here—make use of our splendid service.

Let the Bank that serves YOU the BEST be YOUR Bank.

DIRECTORS
 M. P. SNYDER, J. B. BELL, W. M. HUGHES, J. S. BOWLER, W. F. CALLANDER, W. W. PHILLIPS, J. E. HILLARD, E. A. MONTGOMERY.

OFFICERS
 M. P. SNYDER, President, WALTER C. DUGGIN, Vice President, W. F. CALLANDER, Cashier, A. L. CRANDALL, Comptroller, H. L. HOLLAND, Assistant Cashier.

COMMERCIAL AND SAVINGS ACCOUNTS

4% Term Savings Account
 Absolute safety and the highest rate of interest—these accounts are the most popular of all.

3% Checking Accounts
 Checks may be drawn on accounts without limitation of amount. No charge for service. Interest is credited monthly.

Safe Deposit and Storage Vaults
 One of the largest, most conveniently located Safe Deposit Vaults in the city.

California Savings Bank

SPRING AND FOURTH ST.



UNUSUALLY STRONG

Strength of Directorate

One of the important factors in the upbuilding of this Company to its present position in the confidence of the business and financial world has been the men composing its Board of Directors, comprising bankers of national and international reputation.

Directors
 JAMES S. ALEXANDER, President, Bank of Commerce, New York
 STEPHEN BATES, President Bank of the Manhattan Co., New York
 SAMUEL S. BAYNE, President, National Bank, New York
 EDWIN H. BUCKLEY, Secretary, Trust Co., Bankers, N. Y.
 EDWIN C. CROFT, President, Trust Co., New York
 THOMAS F. CROFT, President, Trust Co., New York
 HENRY F. DAVENPORT, President, Bank of Commerce, New York
 W. HENRY DUNN, Vice-President, New York
 EDWARD J. FERRY, President, Trust Co., New York
 E. HAYWARD FERRY, Vice-President, National Bank, New York
 WALTER E. FERRY, President, Trust Co., New York
 FRED T. HANSELL, Vice-President, Trust Co., New York
 A. BARTON HARRISON, Chairman of the Board, Chase National Bank, New York
 FRANK L. BIRD, President, Trust Co., New York

Strength of Resources

The ample resources of this Company are at the same time a cause and a result of the opinion held of the Company by its regular clients, and by others who have come in contact with its careful and conservative methods of business.

Condition on December 24, 1914:
 Capital, Surplus and Undivided Profits \$22,451,483.28
 Deposits \$140,419,501.69
 Total Resources \$166,166,392.40

You are cordially invited to correspond with, or call personally upon our Officers in regard to any banking or trust business you may have in mind. Interest is paid on deposits of individuals, firms, institutions and corporations.

BANKERS TRUST COMPANY

16 Wall Street, New York



The Shadow of a Man

EVERY human institution is the length, and shadow of a man. In its successful and serviceable organization to-day the Harriman National Bank represents the standards of efficiency and progressive management that characterized the life work of the man for whom the bank is named.


The Harriman National Bank exists for a double purpose—the service of its patrons, and the profit of its owners. It recognizes that only as it serves its patrons satisfactorily can it profit its owners adequately. It aims to make its business relations as simple, useful and direct as possible within the limits of safety.

The Harriman National Bank is located in the very center of the mercantile and terminal zone of New York, and offers every facility for the transaction of a general banking business. In addition to the every-day functions of a National Bank, it accepts foreign and domestic bills, sells travellers' checks, letters of credit, and deals in foreign exchange.

Hours of business, 9 a.m. to 9 p.m.; safe deposit vaults open from 8 a.m. to midnight.

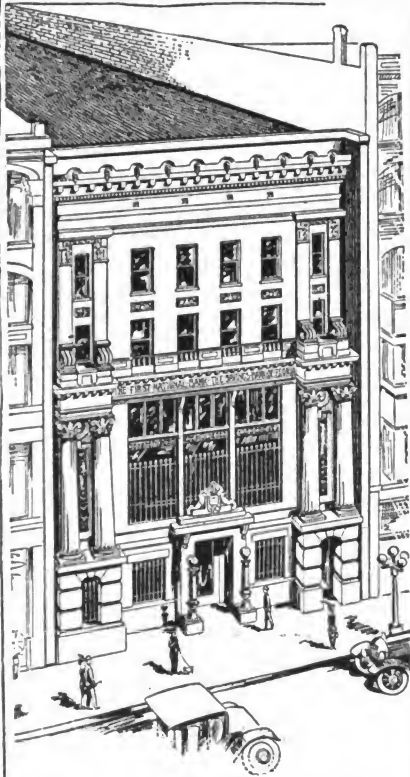
We seek the business of those with whom it is possible to deal to mutual advantage. Send name and address for our booklet, "The Bank of To-day," an interpretation of the Federal Reserve Act and its bearing on business.

HARRIMAN NATIONAL BANK
 FIFTH AVENUE AND 46TH ST., NEW YORK
 Resources, \$18,000,000



FROM NEW YORK CITY NEWSPAPERS

"The Bank of the People"



**Don't Expect Anyone to
"Give You a Chance"**

The only way you will get your chance to succeed is to pull off your coat and

Take It!

The best way to begin is to open a bank account at the

First National Bank

"The Oldest Bank in Peoria"

Have a Savings Account at the

Savings Bank of Peoria

"The Oldest Savings Bank in Peoria"

Authorized by the State of Illinois to Act as Guardian and Trustee for Individuals and Corporations.

Combined Assets Over \$8,000,000.00

210-12 South Adams Street

AD. NEEDS RE-ARRANGEMENT

good-sized advertising appropriations nowadays, as these advertisements were 115 lines by 3 columns and 98 lines by 2 columns, respectively, and New York newspaper space is not the cheapest thing in the world.



We want to compare two advertisements which had this in common, that they both occupied very large space and both contained a picture of the bank building. To our way of thinking, the Los Angeles ad. is superior to the Peoria one for these reasons:

1. It has a strong Ben Day background and border effect. The other advertisement has nothing but a thin rule border.

2. Its heading is not any better than that of the Peoria ad., but it is more strongly brought out by art work instead of type.

3. The building is more attractively rendered, being seen as the man in the street would see it, whereas the other one apparently is taken from the top of an adjoining skyscraper.

4. The type matter is well arranged and easily read. The other ad. is over-displayed—a perfect riot of type. The copy contains strong talking points but the type out-talks the copy.



Bank Advertising Exchange

Those listed herewith are willing to exchange booklets folders and other advertising matter issued by them. Subscribers can get on this list free of charge by writing to the editor of this department.

Watch for new names and other changes.

F. R. Adams, Will Co. National Bk., Joliet, Ill.
American National Bank, Richmond, Va.
D. Analey, care Central Trust Co., San Antonio, Texas.

Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.

A. F. Bader, publicity manager, City National Bank, Evansville, Ind.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

The Bankers Magazine, New York.

H. C. Berger, Marathon County Bank, Wausau, Wis.

C. J. Bevan, cashier, Exchange Bk., Genoa, Ill.

E. L. Bickford, cashier, First National Bank, Napa, Cal.
 W. O. Booser, treasurer, American Trust Co., Jacksonville, Fla.
 R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 Bank of San Rafael, San Rafael, Cal.
 E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
 C. W. Beerbower, National Exchange Bank, Roanoke, Va.
 H. C. Boilman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
 E. C. Burton, vice-president, Penn. National Bank, Chester, Pa.
 Stephen L. Burwell, vice-president, First National Bank, Jackson, Miss.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Citizens National Bank, Oconto, Wis.
 Commercial Bank, Midway, Kentucky.
 B. S. Cooban, 518 W. 63rd Street, Chicago, Ill.
 H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
 J. Stanley Corwin, Columbia Trust Co., 358 Fifth Ave., New York, N. Y.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
 David Craig, Tradesmens National Bank, Philadelphia, Pa.
 Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eberspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Eklirch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, publicity manager, Guaranty Trust Co., New York.
 Federal National Bank, Denver, Colo.
 The Franklin Society, 38 Park Row, N. Y.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Jas. P. Gardner, Montclair, N. J.
 B. P. Gooden, advertising manager, New Netherland Bank, New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, manager publicity department, The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 D. L. Hardee, Publicity Manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 Jessamine G. Hoagland, publicity manager, National City Bank, Chicago, Ill.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 Theodore Jessup, Woodlawn Trust & Savings Bank, 1204 E. 63rd St., Chicago, Ill.
 N. W. Johnston, president, Illinois Trust & Savings Bank, Champaign, Ill.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

Grover Keyton, New Farley National Bank, Montgomery, Ala.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 M. R. Knauft, assistant cashier, Merchants National Bank, St. Paul, Minn.
 George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kan.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 A. E. Lindhjem, assistant cashier, Scandinavian American Nat. Bank, Minneapolis, Minn.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 E. B. McWilliam, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 Ralph H. Mann, President Gloucester National Bank, Gloucester, Mass.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.
 Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Will E. Morris, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord., Neb.
 Northwestern Trust Co., R. P. Sherer, Vice-President, St. Paul, Minn.
 Old State National Bank, Evansville, Ind.
 J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
 John W. Pratt, Real Estate Officer, The Kennett Trust Co., Kennett Square, Pa.
 C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
 W. W. Russell, cashier, First National Bank, White River Junction, Vt.
 George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
 Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
 Sioux City Trust & Sav. Bank, Ben. W. Frieden Cashier, Sioux City, Iowa.
 T. K. Smith, Jr., manager, Gimbel Brothers Bankers, New York City.
 J. G. Spangler cashier, The Mesa City Bank, Mesa, Ariz.
 T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
 A. C. Tonsemeire, cashier, City Bank & Trust Co., Mobile, Ala.
 Union Trust Co. of D. C., Washington, D. C.
 F. H. Williams, assistant treasurer, Albany City Savings Institution, Albany, N. Y.
 John W. Wadden, Lake County Bank, Madison, S. D.
 Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
 C. C. Willson, care of Continental & Commercial Trust & Savings Bank, Chicago, Ill.
 Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
 Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

H. Gavere, care of Scandinavian American Bank Grand Forks, N. D.

A Banking and Currency Library

By ELMER H. YOUNGMAN, Editor of THE BANKERS MAGAZINE

THE interest in banking subjects, which has been so keen in this country since the agitation for bank-note reform began about twenty years ago, has been stimulated during the past two years by the changes made in the currency and banking system by the new Federal Reserve Law. This fact is indicated by the increasing number of inquiries addressed to THE BANKERS MAGAZINE for the best books on such subjects. A list of standard works on money, banking, foreign exchange and trust companies was published in THE BANKERS MAGAZINE for May, 1908, and again, with important revisions, in November, 1911. The time seems to have come to make a further revision of this list, in order to include new works on the Federal Reserve System and the revisions which have been made in older works to bring them into harmony with the events of the last few years.

It is the purpose of this list to name only a few representative works, which the average man of affairs might find useful as the nucleus for a small library, rather than to give an elaborate bibliography for the special student. This list is limited, therefore, to about thirty books, representing a cost of from fifty dollars to sixty dollars, according to the selection made. Since the publication of this list new editions of these works have been issued in many cases, and they have been supplemented by a few other works of value for the general reader.

None of the large number of special monographs issued by the National Monetary Commission are included in this list, in spite of their high value, because most of these monographs deal with a single banking institution or subject and are therefore not of a suffi-

ciently general character to be included in a collection of this sort. The list of monographs of the Commission numbers from forty to fifty and is of great interest for the special student. A list of such publications, with the nominal prices charged, can be obtained by application to the Bureau of Public Documents at Washington.

The general character of the list here given explains its limitations. The fact that certain books are included is not in any way a reflection upon others which do not appear, many of which are broader in scope or more elaborate in detail than those given, but seem less adapted for the every-day reader who is not a specialist on the subject of money and banking.

GENERAL WORKS ON ECONOMICS

The number of general works on political economy, which include references to the principles of money and banking, is large and many of them possess high merit. The work of Adam Smith, "The Wealth of Nations," first published in 1776, and of John Stuart Mill, "Principles of Political Economy," first published in 1848, can still be obtained in a variety of editions, and is well worth reading by the scholar. One of the most compact modern editions of "The Wealth of Nations" is issued in two volumes in "Every Man's Library," published by E. P. Dutton & Co., with an introduction by Professor Edwin R. A. Seligman, pp. 441. Of more modern works of a general character the following are among the best:

Seligman, Edwin R. A.: "Principles of Economics," New York and London, sixth edition, 1914.

Professor Seligman stands in the

front rank of living American economists and his book is clear and forcible. The number of pages devoted to money and banking is about 140, exclusive of other related subjects.

Price, \$2.72 postpaid.

Fetter, Frank A.: "The Principles of Economics," New York, 1913.

This book presents very clearly the conclusions on economic principles reached by leading economists in recent years. The number of pages devoted directly to money and banking is about sixty.

Price, \$2.15 postpaid.

Taussig, F. W.: "Principles of Economics," New York, 1911, 2 volumes, pp. 547 and 573.

A comprehensive treatise dealing with the application of economic principles to present-day problems. Book III, "Money and the Mechanism of Exchange," covers 220 pages, including chapters on industrial crises and financial panics.

Price \$4.00.

Seagar, Henry R.: "Principles of Economics," New York, 1913, pp. 650.

Follows to some extent the lines of historical development, bringing recent practical illustrations to the support of the principles laid down. The number of pages devoted directly to money and banking is about sixty, exclusive of foreign exchange and kindred subjects.

Price, \$2.45 postpaid.

Davenport, Herbert J.: "The Economics of Enterprise," New York, 1913, pp. 544.

A thoughtful analysis of the economic principles of production and distribution, with interesting views in regard to the functions of money and credit. The space devoted specifically to the discharge of debts and to money and banking is nearly one hundred pages.

Price, \$2.25 net.

WORKS ON MONEY.

Jevons, W. Stanley: "Money and the Mechanism of Exchange," London and New York, pp. 349.

Is very compact, containing only about 85,000 words, but presents clearly the principles of metallic money. The author's views on the bank-note system of the Bank of England do not accord with those of many other economists.

Price, \$1.75 postpaid.

Conant, Charles A.: "The Principles of Money and Banking." Two volumes, New York, 1905, pp. 437 and 488.

A comprehensive treatise on the entire subject of money and banking. The first volume is divided into three books—"The Evolution of Modern Money," "The Principles of the Value of Money" and "The Evolution of Monetary Systems." A full explanation is given of the evolution of the gold standard and of the development of the gold-exchange standard, in which the author had an important part. The second volume relates to the principles covering bank-note currency and negotiable securities. Its contents are referred to further down.

Price, \$4.35 postpaid.

Holdsworth, John Thom: "Money and Banking," New York, 1914, pp. 402.

A direct and up-to-date text book on the principles of money and the recent development of banking, including a clear exposition of the system of rediscounting, and the mechanism of the Federal Reserve Act. A valuable feature is the presentation of twenty-five forms of banking and commercial instruments, like checks, bills of exchange and letters of credit.

Price, \$2.00 net.

White, Horace: "Money and Banking." Fifth edition, corrected to the year 1914, New York, 1914, pp. 475.

This edition is rewritten and brought up to date from the valuable book first issued during the currency and silver discussion of 1895. It deals with both the subjects of metallic money and bank-note currency from the standpoint of the practical problems which have arisen in American monetary experience. Contains much valuable historical matter, but so treated as to apply to existing conditions. Price, \$1.65 postpaid.

Bagehot, Walter: "Lombard Street." New edition, with introduction by Hartley Withers, New York, 1910, pp. 372.

The classic work of the editor of the London "Economist" of a generation ago, which explains the mechanism of the English money market, including the relations of the Bank of England with the joint-stock banks and the bill brokers. This is a valuable and readable work. Price, \$1.37 postpaid.

Withers, Hartley: "The Meaning of Money," New York, 1910, pp. 307.

A readable review of the London money market, giving special attention to the developments of recent years. Forms an interesting supplement to Bagehot's "Lombard Street."

Price, \$2.00 postpaid.

PRINCIPLES OF A BANKING CURRENCY.

Dunbar, Charles F.: "Chapters on the Theory and History of Banking," New York and London, 1901, pp. 252.

Written originally by the eminent professor of Harvard University, recently deceased, who stood at the time of his death among the half dozen leading American economists. The work contains chapters on the discount and deposit system, bank notes, combined reserves, and upon the banks of France, England, and Germany. It was revised and new matter added by O. M. W. Sprague, professor of political economy at Harvard. Price \$1.34, postpaid.

Conant, Charles A.: "The Principles of Banking," New York, 1908, pp. 488.

A reprint in separate form of Volume II of "The Principles of Money and Banking," referred to above. Divided into three books: "The Principles of a Banking Currency," "The Evolution of Commercial Banking," and "The Co-operation of the Factors of Exchange." Deals perhaps most fully among recent treatises with the security for bank issues, limit of reserves, and similar topics. The second book deals more largely with the check and clearing systems.

The third book treats of the part which negotiable securities dealt in on the stock exchanges play in financial operations. Price \$1.75, postpaid.

Youngman, Elmer H.: "Credit Currency," New York, 1907, pp. 35.

Elementary in character. Treats solely of the principles of bank-note currency, and shows the advantages of coin and commercial paper over bonds as security for bank circulation.

Price, \$.50 postpaid.

THE HISTORY OF BANKING.

Conant, Charles A. "The History of Modern Banks of Issue." Fifth edition, with new chapters on the Federal Reserve Act and the banks in the European war; New York, 1915, pp. 780.

Has been for the past twenty years the standard work, in English, on the history of banking. Contains special chapters on each of the leading European banking systems as well as the national and state banking systems in the United States. Special chapters are devoted to the crises of the nineteenth century and the crisis of 1907. The new chapters describe in a vivid manner the measures taken to maintain credit during the European war of 1914.

Price, \$3.50 postpaid.

Gilbart, J. W.: "The History, Principles and Practice of Banking." Two volumes, London and New York, 1908.

A new edition of a work which has long been a standard in England by a practical banker who lived and wrote more than a generation ago. Has been brought up to date by the editors, and is, perhaps, the most valuable hand book not only of English banking history, but of banking practice.

Price, \$3.22 postpaid.

Noyes, Alexander D.: "Forty Years of American Finance," (1865-1907), New York, 1909, pp. 418.

A graphic and readable sketch of American currency and money market

troubles as influenced by crop movements and foreign exchange, with the individual evolution of recent years. Author is financial editor of the New York Evening Post.

Price, \$1.50 postpaid.

Knox, John Jay: "A History of Banking in the United States," New York, 1900, pp. 980, published by the Bankers Publishing Company.

Written by the Hon. John J. Knox, formerly Comptroller of the Currency, and edited by Elmer H. Youngman, editor of THE BANKERS MAGAZINE. One of the most complete collections of data on the banking development of this country. Gives full accounts of the state systems before the Civil War, and describes the evolution of the national system from its foundation in 1864 to the date of publication. Many side-lights are thrown also on the evolution of the banking systems of the various states.

Price, \$5.00 postpaid.

THE FEDERAL RESERVE ACT.

The works thus far issued in regard to the Federal Reserve Act have dealt with the terms of the measure as enacted on December 23, 1914, and with the speculation and discussion regarding its interpretation which occurred while it was pending in Congress. There has not yet appeared any comprehensive work dealing with the new law as actually put in operation under authority of the Federal Reserve Board, since the constitution of the Board early in August and the opening of the reserve banks on November 16 last. Such a work will soon be issued under the auspices of the Bankers Publishing Company, under the title "Federal Reserve Banks—Their Machinery and Methods." It will be the aim of this work to bring together the actual decisions and regulations issued by the Federal Reserve Board, by clearing-house associations, and other bodies in carrying out the law.

Among the works already issued dealing with the new law have been the following:

Conway, Thomas, and Patterson, Ernest M.: "The Operation of the New Bank Act," Philadelphia, 1914, pp. 431.

A review by sections and topics of the scope of the Federal Reserve Act, embraced in thirty-two chapters with classified sub-heads. Deals at length with the scope of the new system and its influence on national banks, especially with reference to the transfer of their reserve funds and their discount policy.

Price, \$2.00 net.

Barron, Clarence W.: "The Federal Reserve Act," Boston, 1914, pp. 223.

Interesting analysis, from the layman's point of view, of the operation of different sections of the act on the banks, the money market, and general business. Mr. Barron is president of the company which publishes the "Wall Street Journal" and author of "This Audacious War." The book contains also an analysis of the natural resources and banking facilities of each of the twelve Federal Reserve districts, by Dr. John F. Crowell.

Price, \$2.00.

The text of the Federal Reserve Act is printed as an appendix to new editions of several works on banking, and is discussed in connection with the European war, in revised editions of books elsewhere referred to, to the following extent:

Conant, "A History of Modern Banks of Issue," pp. 33.

White, "Money and Banking," pp. 9. Holdsworth, "Money and Banking," pp. 55.

Harris, "Practical Banking," pp. 37.

FOREIGN EXCHANGE.

Goschen, George J.: "The Theory of the Foreign Exchanges," London, 1894, pp. 152.

The classic English work on the general principles of foreign exchange, but is, perhaps, a little less up to date than the next work recommended.

Price, \$2.50 postpaid.

Clare, George: "The A B C of the Foreign Exchanges," London, 1895, pp. 160.

Sets forth in brief compass and in simple form the principles underlying foreign exchange operations under modern conditions. While not remarkable in style, is one of the best short treatises available in English.

Price, \$1.25 postpaid.

Escher, Franklin: "The Elements of Foreign Exchange," New York, 1910, pp. 160.

This is a short, practical treatise on foreign exchange, designed to supply the need for a book from which a working knowledge of the subject can be readily obtained. Technicalities are avoided as far as possible and the subject explained for the beginner or the advanced exchange man. The author has had practical training in foreign exchange and has been a member of the staff of THE BANKERS MAGAZINE and financial editor of Harper's Weekly.

Price, \$1.00 postpaid.

PRACTICAL WORK OF A BANK.

Kniffin, W. H., Jr.: "The Practical Work of a Bank," New York, 1915.

A new work issued through The Bankers Publishing Company, dealing very thoroughly with the functions of the different departments of a national or state bank, including types of loans, collections of checks, and characteristics of mercantile credit.

Price, \$5.00 postpaid.

Patten, Claudius B.: "The Methods and Machinery of Practical Banking," New York, 1907, twelfth edition, pp. 515, published by The Bankers Publishing Company.

A work by a practical banker, which deals fully and completely with the principles governing banking practice, including the making of loans, relations with depositors, and other details in addition to the issue of notes.

Price, \$5.00 postpaid.

Barrett, A. R.: "Modern Banking Methods," New York, 1908, fifth edition, pp. 325, published by The Bankers Publishing Company.

This book deals more explicitly with the details of bookkeeping in banks than the one previously named. It is one of the most complete of available compendia of practical banking methods for the use alike of officers, directors and employees in the modern bank.

Price, \$4.00 postpaid.

Fiske, Amos K.: "The Modern Bank," New York, 1904, pp. 348.

Deals with a modern bank from the standpoint of analysis and forms in some respects one of the best books for a beginner. The subject of bank-note currency is dealt with and also that of the relation of the bank to the public, but details of practice are not gone into so fully as in the two books previously named.

Price, \$1.62 postpaid.

Harris, Ralph Scott: "Practical Banking," Boston, 1915, pp. 309.

Presents a view of the actual duties of the principal officers and employees of a bank, with elementary discussion of some general banking problems.

Price, \$1.75 net.

TRUST COMPANIES AND SAVINGS BANKS.

Herrick, Clay: "Trust Companies; Their Organization, Growth and Management," new and revised edition, New York, 1916, pp. 500.

The author has brought together the results of experience in many departments of the Cleveland Trust Company. He takes up each branch of trust company business, outlining the most approved business methods. Includes a summary of the laws of the various states.

Price, \$4.00 postpaid.

Kirkbride & Sterrett: "The Modern Trust Company," New York, 1914, pp. 310.

Goes thoroughly into the organization and methods of trust companies. This

is one of the principal systematic works on the subject. Price, \$2.72 postpaid.

Kniffin, William H., Jr.: "The Savings Bank and Its Practical Work," New York, 1912.

Mr. Kniffin, besides practical banking experience, has been secretary of the Savings Bank Section of the American Bankers Association. In this book he discusses both the philosophy and the practical side of savings bank operation, including such topics as the different books to be kept, manner of dealing with clients, method of figuring dividends, and bond amortization in theory and practice. Price, \$5.00 postpaid.

THE STOCK EXCHANGE.

Pratt, Sereno S.: "The Work of Wall Street." Revised edition, New York, 1912, pp. 440.

A clear and interesting account of the early development of Wall Street, the organization of the New York stock market, and the manner of doing business there. The author was at one time editor of the "Wall Street Journal," and is now Secretary of the Chamber of Commerce of the State of New York.

Price, \$1.75 net; postage, 12c.

Van Antwerp, William C.: "The Stock Exchange from Within," New York, 1913, pp. 459.

An up-to-date exposition of the methods of the New York Stock Exchange, explaining the economic utility of the Exchange, the advantage of short selling, and the influence of a free market for capital on speculation and enterprise. The author is a member of the Library Committee of the New York Stock Exchange. Price, \$1.50.

Withers, Hartley: "Stocks and Shares," New York, 1910, pp. 371.

A good account of the methods of the London Stock Exchange, with much incidental light upon the English "Companies Acts" regarding the methods of

making public issues and the liability of directors. Price, \$2.00 net.

AGRICULTURAL CREDIT.

Herrick, Myron T.: "Rural Credits," New York, 1914, pp. 519.

An outgrowth of the special inquiry which the author was directed to make while United States Ambassador at Paris in 1912. Gives a careful analysis of land credit in different European countries, and also of co-operative credit as practiced in Germany, Italy, Austria, Russia and elsewhere.

Price, \$2.00 net.

"Agricultural Co-operation and Rural Credit in Europe." Senate Document No. 214, 63rd Congress, First Session, Quarto, pp. 916, Washington, 1913.

Information and evidence secured by the American Commission, consisting of delegates from different states, who were accompanied by the United States Commission appointed by President Wilson under the auspices of the Southern Commercial Congress "to investigate and study in European countries co-operative land mortgage banks, co-operative rural credit unions, and similar organizations and institutions devoting their attention to the promotion of agriculture and betterment of rural conditions."

"New York State Delegates, Special Report on the American Commission for the Study of Agricultural Conditions in Europe."

Compiled by Frederick H. Allen and Charles C. Mitchell, Albany, 1915, pp. 300.

This is a public document prepared by two of the New York delegates who visited Europe as part of the Federal Commission, and gives special attention to the "business organization of agriculture, from the point of view of the selling, the marketing, and the distribution of food products."

Modern Financial Institutions and Their Equipment

Fiftieth Anniversary of a Prominent New England Bank

MARCH 27, 1915, marked the fiftieth anniversary of the organization of the Chicopee National Bank of Springfield, Mass., one of the most substantial banks of a most substantial New England city. The Chicopee Bank was among the first institutions to avail itself of the privileges of the National Banking Act and its history dates back much further, as the

present institution was the direct successor of the old Chicopee Bank, established in 1836 and therefore by many years the oldest bank of discount in Springfield. The doors of the early institution were opened sixteen years before Springfield became a city and the history of the bank is closely connected with the development of the community.

The names appearing on its records are those, in many instances, of men who have been especially prominent in the development of local industries, in the professions and in finance. In its



FIRST HOME OF THE CHICOPEE BANK, SPRINGFIELD, MASS.



CHICOPEE NATIONAL BANK BUILDING, SPRINGFIELD, MASS.

roster of directors are found Hon. George Bliss, James Brewer, James D. Brewer, Gad O. Bliss, Homer Foot, Henry S. Lee, Henry Morris, J. B. Rumrill, Horace Smith, Philo F. Wilcox, George Walker, and others, most of whom are still remembered by older citizens, and to whom the present generation owes a debt of gratitude and appreciation for the important service performed by them in promoting and con-

serving the best interests of the growing town and city.



HISTORY OF THE BANK.

THE first meeting of the Chicopee Bank stockholders was held in the famous tavern of "Uncle Jerry" Wariner on May 2, 1836, when initial ac-



HON. GEO. BLISS

FIRST PRESIDENT CHICOPEE BANK

Mr. Bliss was one of Springfield's most prominent citizens. He was president of the Springfield Institution for Savings, President of the Hampden County Agricultural Society, and had been President of the Senate and Speaker of the House in the Massachusetts Legislature.



JAMES D. BREWER

FIRST PRESIDENT CHICOPEE NATIONAL BANK

Mr. Brewer was for many years a successful merchant in Springfield. He was also president of the Springfield Gas Light Co. and for twenty-nine years auditor of the Springfield Institution for Savings.

tion was taken resulting in the organization of the bank with a capital of \$200,000. The act of the Legislature creating the corporation of "the President, Directors and Company of the Chicopee Bank" bears the signatures of Julius Rockwell, Speaker of the House; Horace Mann, President of the Senate, and Edward Everett, Governor.

As a home for the new institution the directors voted to purchase for \$6,000 the three-story brick store of James Byers at the corner of Main and Elm streets, on the first floor of which the new banking-house was established. It is on this same site, now become many times more valuable, that the present bank is located. Although banking hours were from 10 a. m. to 1 p. m., they gave ample time for the transaction of the business of the day at that time.

The bank was prosperous from the start, and a dividend was earned and declared during the first year. Every six months since, without a break, this first dividend has been followed by others, the total amount of the dividends paid to stockholders amounting to nearly \$2,500,000.

Upon the passage of the National Bank Act by Congress, the bank was converted into a national bank under the authority of a certificate issued by the Comptroller of the Currency dated April 7, 1865, with a capital of \$400,000. From this time until 1888 there seems to have been nothing of general interest recorded on its records, but its steady and healthy expansion had outgrown its old and time-honored banking-house and a new building had become a necessity. Believing that their location was unsur-



VIEW OF THE MAIN BANKING ROOM
CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.

passed by any in the city, the directors voted, on May 14, 1888, to erect a new building upon the same site as the old

one, and the edifice was completed ready for occupancy September 9, 1889.

In 1912, the bank's quarters having



ANOTHER VIEW OF MAIN BANKING ROOM, SHOWING STAIRWAY TO SAFE-DEPOSIT VAULTS
CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.



GEORGE A. MACDONALD
PRESIDENT CHICOPEE NATIONAL BANK
SPRINGFIELD, MASS.



EDWARD PYNCHON
CHAIRMAN OF DIRECTORS CHICOPEE NATIONAL
BANK, SPRINGFIELD, MASS.

again become inadequate for the growing business of the bank, the building was remodeled and the whole structure turned over to the use of the bank. The improvements made at that time not only make a spacious and handsome banking room available to the patrons of the institution, but provide admirable facilities for conducting the internal work of the bank.

The safe-deposit vaults are an especially fine feature, as shown in the illustrations herewith, and are reached by a handsome marble staircase leading off from the main banking-room.



THE OFFICIAL ROSTER.

GOING back to the beginning, the records show that the bank has had eleven presidents and six cashiers, the dates of their administration having

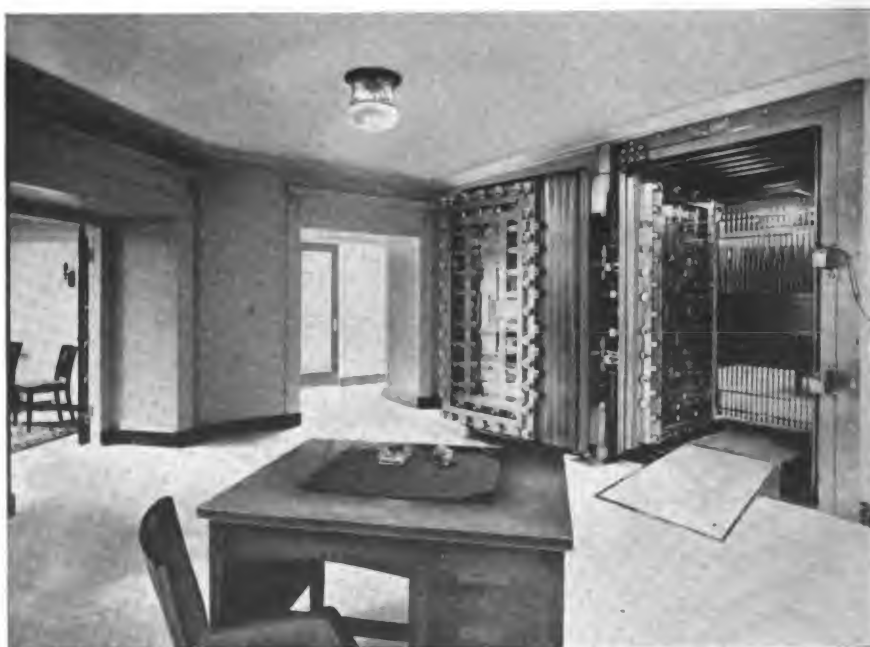
been as follows: Presidents: George Bliss, 1836-1846; Samuel Reynolds, 1846-1850; Philo F. Wilcox, 1850-1865; James D. Brewer, 1865-1866; Henry S. Lee, 1866-1869; Henry Fuller, Jr., 1869-1887; Horace Smith, 1887-1893; Andrew J. McIntosh, 1893-1902; Arthur B. West, 1902-1909; Edward Pynchon, 1910-1914; Geo. A. MacDonald, 1914.

The cashiers were as follows: Henry Seymour, 1836-1841; B. Frank Warner, 1841-1856; Thos. Warner, Jr., 1856-1879; Arthur B. West, 1879-1902; Edward Pynchon, 1902-1910; Leander W. White, 1910.

The present official board is made up of the following gentlemen: George A. MacDonald, president; G. Frank Adams, vice-president; L. W. White, cashier; directors: Edward Pynchon, chairman; Horace A. Moses, president and treasurer Strathmore Paper Co.; Irving H. Page, president J. Stevens



THE OFFICERS' QUARTERS



LOBBY LEADING TO SAFE DEPOSIT VAULTS
CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.

Arms and Tool Co. and treasurer Page Needle Co.; Donald Birnie, treasurer Birnie Paper Co.; Frank N. Swan, president New England Card and Paper Co.; Harold Wesson, assistant treasurer

Print Works of that city and after liquidating the Berkshire National Bank organized the North Adams Trust Company in 1904 and resigned the trusteeship of that institution to become president of the Chicopee National Bank.

Mr. Pynchon, who is now chairman of the board of directors, has filled all the important offices of the bank and was president until 1914. He has been connected with the institution for over forty years.

Mr. Adams, vice-president, was for many years a successful business man of Springfield and retired from active



G. FRANK ADAMS

VICE-PRESIDENT CHICOPEE NATIONAL BANK
SPRINGFIELD, MASS.

Smith & Wesson; Walter P. Dodge, treasurer Barney & Berry, Inc.; Walter H. Whiteside, president Stevens-Duryea Co.; H. Goodman Waters, real estate; James P. Clark, president Downing-Taylor Co.; Samuel M. Green, president and treasurer Samuel M. Green Co.; Arthur C. Hastings, president American Writing Paper Co.; G. Frank Adams, vice-president; George A. MacDonald, president.

President MacDonald came to the bank May 1, 1914. His first banking experience was with the North Adams National Bank, beginning in 1890. Later he was connected with the Arnold



L. W. WHITE

CASHIER CHICOPEE NATIONAL BANK
SPRINGFIELD, MASS.

business before entering the bank. He is also a trustee and clerk of the Springfield Institution for Savings.

Mr. White, cashier, came to the bank as a boy, and has come up through the various departments to his present position, which he has held since 1910. He

has been connected with the institution for thirty years.

The policy of the bank has always been a conservative and careful one, and its growth has been an evidence of the confidence of the community in its stability and safety as well as the appreciation of its patrons of the ability and trustworthiness of its officers and of their personal interest in the welfare of even the smallest depositor, insuring to them all the advantages offered by any reliable institution of its kind.



DEPOSIT GROWTH.

THE growth in deposits during the last forty years, while not spectacular, has been steady and consistent. The figures by decades are as follows:

1875.....	\$432,818.89
1885.....	626,359.09
1895.....	1,424,988.68
1905.....	2,413,165.85
1915.....	3,172,135.05

A condensed statement of the bank as of March 27, 1915, the anniversary date, makes the following showing:

RESOURCES.

Loans and discounts.....	\$2,320,064.05
Bonds and securities.....	749,190.75
Banking house	178,000.00
Cash and reserve in banks....	576,008.86
Due from other banks.....	40,663.40
Due from U. S. Treasurer....	8,000.00
Five per cent. fund.....	7,500.00
	<hr/>
	\$3,879,427.06

LIABILITIES.

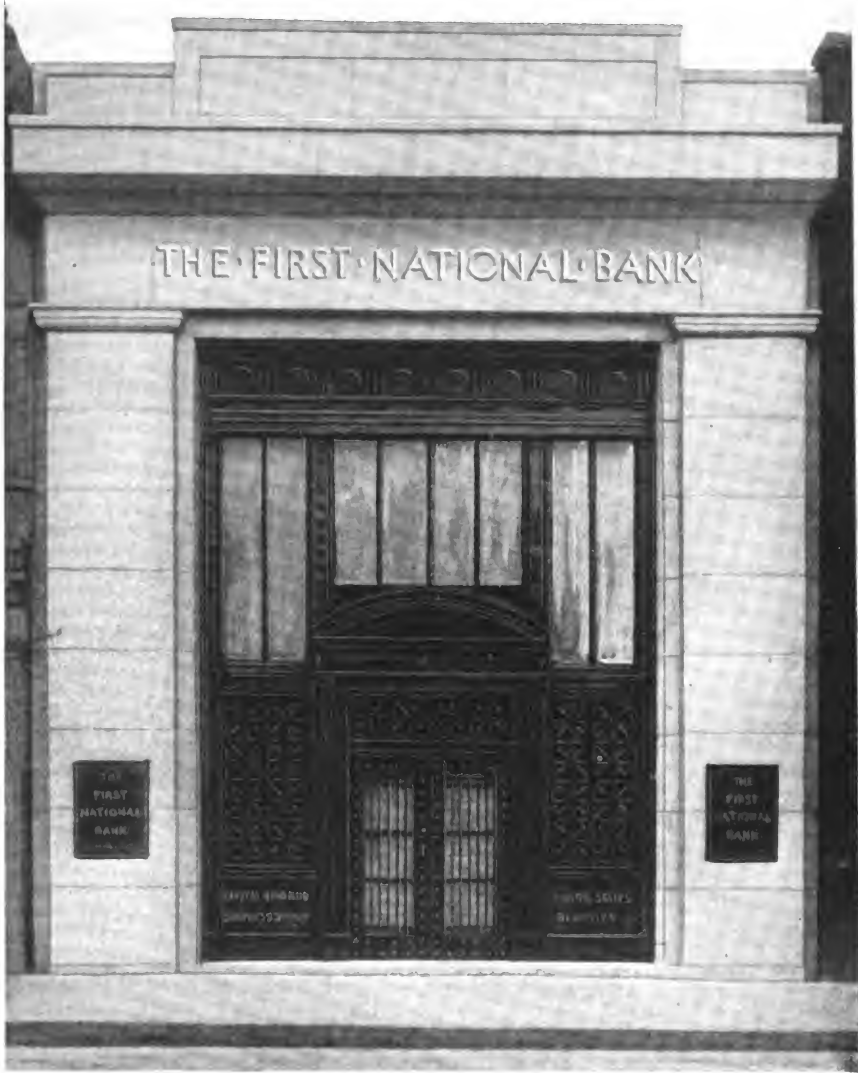
Capital	\$400,000.00
Surplus	150,000.00
Undivided profits... 286,508.42	436,508.42
Circulation	147,095.00
Deposits	2,895,823.64
	<hr/>
	\$3,879,427.06

First National Bank, Sumter, South Carolina

PERHAPS it will never be possible to measure and record with anything like accuracy and fulness the services which a bank renders to the people of its community. When one looks at cultivated farms, well stocked; at bursting granaries; at busy factories;



INTERIOR OF SAFE DEPOSIT VAULT
CHICOPEE NATIONAL BANK, SPRINGFIELD, MASS.



FIRST NATIONAL BANK, SUMTER, SOUTH CAROLINA

at great and successful mercantile establishments; at beautiful homes filled with happy people—in short, when one sees about him all the evidences of thrift, prosperity and progress, he can not say with certainty just how much of it has been created or fostered by the local bank, although he can say with certainty that the bank has had a very important part in all this constructive work.

To get an idea of what a bank really is—in the absence of data which would make it possible to trace in detail its services to the community—one must turn to such direct evidence as the bank itself affords—in its earnings, deposits, and finally by the building it occupies.

Measured by these tests, which are the best available, the First National Bank of Sumter, South Carolina, has been most successful. It was organized:

in 1887 with \$50,000 capital, and in 1889 this was increased to \$75,000 by cash subscriptions. In 1903 a further increase to \$100,000 took place, a stock dividend of 33 1/3 per cent. being declared.

This increase of capital by 100 per cent. in sixteen years from the date of organization was rendered necessary to take care of the growth in business.

gardless of the interests of those who deal with it.



THE BANK'S NEW HOME.

HAVING earned sufficient beyond a liberal dividend rate, and possessed of ample surplus, the bank decided that the erection of a modern



MAIN BANKING ROOM
FIRST NATIONAL BANK, SUMTER, S. C.

In the way of profits this bank can show a very gratifying record. Since organization it has earned \$321,338.52. and of this amount \$100,000 is carried as surplus and \$21,558.52 undivided profits. Besides these substantial sums set aside and held for the protection of the bank's depositors, there has been paid out to shareholders in the shape of dividends \$199,750.

These figures indicate very clearly that the bank has been conducted with ability, and that its managers are re-

building to accommodate its growing business would be a prudent course, and in May, 1914, the structure illustrated in these pages was completed. It is built of granite, brick and cement, while the furnishings are of steel, marble, plate glass and mahogany. Not only is the building itself modern in every respect, but it has all the latest ideas in bank accessories, including ladies' rest room, coupon booths, private telephones, and a spacious and well constructed safety vault. There is also a large storage

vault for the use of the bank's depositors.



OFFICERS OF THE BANK.

FROM the facts already given it must be evident that those who control the bank's policy are men of ability and experience in banking.

The president, Mr. Neill O'Donnell, has been connected with the bank about twenty years as a director. He is a successful business man, being president of O'Donnell & Co., one of the largest local corporations.

Mr. R. D. Lee, vice-president and attorney, is senior member of the legal firm of Lee & Moise. He has been connected with the bank for about twenty years.

The cashier, Mr. O. L. Yates, has been with the bank for fifteen years, having started as out-door collector. He has held every position from collector

up to cashier, having been elected to the latter position December 29, 1914.

The Mansfield Savings Bank, Mansfield, Ohio

AFTER forty-two years of successful business, and enjoying the distinction of being the oldest and largest bank in its city, the Mansfield (Ohio) Savings Bank has completed and now occupies a very fine home of the exclusive banking type. Its old building had been twice remodeled—once in 1888, and again in 1899.



THE NEW BUILDING.

IN 1912 the bank acquired the lot immediately to the north of the bank building on North Main street and



DIRECTORS' ROOM
FIRST NATIONAL BANK, SUMTER, S. C.



MANSFIELD SAVINGS BANK, MANSFIELD, OHIO

its officers and directors were authorized to erect a new and exclusive bank building on the site. This necessitated the razing of the old bank building and also the old building on the lot adjoining, and the removal of the bank into temporary quarters. The storeroom immediately to the north of the bank building was leased as the temporary home and after it had been completely remodeled the bank was moved into these temporary quarters on July 14, 1913.

From the time of the laying of the cornerstone of the new building, September, 1913, work progressed steadily until January 1, 1915, when the new and splendid home was turned over ready for the bank's occupancy.

It was designed by Vernon Redding of Mansfield and is of Italian renaissance design. The exterior is of Concord granite, and from the base up to the bottom of the big columns the granite is polished so that it will not be marred by any scratch that might be put upon it. The interior general treatment is of French tavernelle marble for the lower part while the upper part is the caen stone treatment. The outside

windows are steel casement with solid bronze hardware. All the fixtures are solid bronze throughout from the two massive lights on the outside and the big sliding massive doors at the entrance to the smallest light fixture in the entire bank.

In the interior there is a base story of French tavernelle marble ten feet high supporting the wall with colonnades, the treatment above being with caen stone. The rich stucco ceiling resting upon it is further ornamented with a most beautiful art glass in the center, thirty-five feet above the floor level. It is one of the most beautiful bank lobbies in the country.

The general interior effect is a soft grey, with just a sufficient touch of complementary color in the ceiling to give a soft and rich effect.

Entrance is gained from West Fourth street. On each side of the main entrance are two massive solid bronze lamps that illuminate very well the exterior of the building. Two heavy solid bronze sliding doors are at the entrance to the vestibule. During banking hours, 9 to 3, these doors will remain open, while at other times they will be closed and form the outer protection. Two pairs of swinging solid bronze doors enclose the vestibule, which is lined with marble throughout.

At the left of the entrance is the president's office, while at the right side is the ladies' room with writing desk and chairs and the public telephone. Beyond this is the cashier's office, with consultation room adjoining. Six separate cages for the receiving and paying tellers, collectors, foreign exchange and receiving and paying savings deposits are located about the lobby. The book-keeping department is at the east end of the building next to the windows so that the employees of that department will be able to secure the best of light. The telephone operator's desk is off the bookkeeping department and there is an intercommunicating telephone system extending to all the cages and to all the various departments. There is a passageway along the north wall, back of

all the cages, leading to the book and cash vaults. All these surround the center lobby which has a fine marble check desk in the center.

A handsome heavy bronze grill with double self-closing bronze doors separates the public lobby from the safety deposit vault. There is a passageway from the safety deposit vault leading to

On the mezzanine floor there is the directors' room, with committee room adjoining, and a handsome balcony with bronze railing overlooks the banking floor. Above the door leading to the balcony is a very beautiful clock.

The large room on the third floor is mainly a stock room for the storage of old books and records and also keeping



MANSFIELD SAVINGS BANK, MANSFIELD, OHIO

the stairway, committee room, three coupon booths and ladies' toilet on the first floor.

In the basement are vaults in which will be stored furs and other things which customers may desire to place there for safe keeping. There is a toilet and locker room for employees at the rear of the vault, also a fine marble and tile lined public toilet.

A continuous marble stairway extends from the basement to the third floor, and this stairway for the greater part is lined with marble.

the stationery and other things used at the bank.

The woodwork in the president's office, ladies' room, cashier's office and consultation room, committee room and coupon booths on the ground floor is Circassian walnut, and the furniture is of the same wood. The desks and counters in the cages and those used by the bookkeepers are steel finished with Circassian walnut. The entire floor is finished in Tennessee marble.

The directors' room on the mezzanine floor is finished with a wainscoting



PARTIAL VIEW OF MAIN BANKING ROOM
MANSFIELD SAVINGS BANK, MANSFIELD, OHIO

eight feet high with large panels of vermilion mahogany, there being a large oval table and twelve massive chairs to match. A genuine caen stone mantel is at the west end of the room and adds much to its attractiveness. The large committee room, adjoining the directors' room, is also finished in vermilion mahogany. The rooms are separated by large sliding doors. This permits of the throwing of the two rooms into one large room where meetings of business men can be held. The two rooms when thus put together would accommodate between seventy-five and a hundred people.



THE VAULT.

INTEREST in every bank usually centers in the vault. The massive door and vestibule that guards the

treasures of this bank weighs over twenty-five tons. The vault has three compartments, one for safety deposits, one for the books and the third for cash. The safety deposit compartment has 560 boxes and sixteen individual safes of chests with combination locks. Everything has been arranged to provide for the utmost safety and the vault is burglarproof and fireproof. The door of the vault is of the approved round type and although of enormous weight of delicately tempered mercerized steel it is so truly poised that the mere pressure of the hand can sway it back and forth. It is controlled by a series of timelocks, protected by glass. They will run any length of time up to three days, and during the time set no ingenuity could make the door swing open.

The Weeks lighting system is used throughout. All side bracket lights fur-

nish semi-indirect light for the main banking room. All the working spaces are lighted with the indirect reflector system over each desk and the check desk in the center of the lobby. There is no direct light anywhere on the main floor. All the light fixtures are of solid bronze and in keeping with the other furniture of the building.

The building is heated by hot water and has a double fan ventilating system. One of these fans controls the basement and all toilets and the other the main banking room. An ample supply of fresh air is furnished throughout by this indirect heating system.

A vacuum cleaning plant is also installed in the building and it will be kept clean in a most modern and approved manner.



HISTORY OF THE BANK.

THE Mansfield Savings Bank was organized in 1873 by Michael D. Harter, General Roeliff Brinkerhoff, Colonel Barnabus Burns and others, and began business on October 15 of that year in a new building erected and owned by the bank and located at the northwest corner of Main and Fourth streets. The first officers of the bank were: Barnabus Burns, president; Michael D. Harter, vice-president; Roeliff Brinkerhoff, cashier; S. A. Jennings, teller. A statement of the bank published October 14, 1874, showed: Capital stock, \$32,500; surplus and profits, \$7,033.27; deposits, \$139,644.34.



SERVICE AND GROWTH.

THE Mansfield Savings Bank was a success from the beginning, and gradually grew from a small capital and surplus until its assets are over two million dollars.

The bank's growth may easily be seen by these figures:

	1873	1893	1903	1914
Capital	\$30,550	\$100,000	\$100,000	\$200,000
Surplus	.....	17,000	20,000	40,000
Deposits	9,650	298,000	1,024,000	1,871,000
Total Resources	43,797	460,000	1,168,000	2,130,000

The officers of the bank are Charles F. Ackerman, president; J. E. Brown, vice-president; Frank H. Marquis, cashier; Robert S. Gibson, assistant cashier; Fred W. Wolfe, teller; Jay J. Jones, assistant teller; C. F. Ackerman, R. Brinkerhoff, Jr., J. E. Brown, F. T. Bristor, S. N. Ford, E. J. Gilbert, Charles Ritter, Peter Scholl, Charles Schroer, Jr., James P. Seward, Rufus A. Tracy and Charles H. Voegelé, directors. The executive committee is made up of some of the most prominent citizens of Mansfield.



AN ARTISTIC STREET LAMP
MANSFIELD SAVINGS BANK, MANSFIELD, OHIO



ANOTHER VIEW OF THE MAIN BANKING ROOM
MANSFIELD SAVINGS BANK, MANSFIELD, OHIO

Responsibility, prompt service and courteous attention are the keynotes of the Mansfield Savings Bank and what is given in return for the large patronage which it has received and will continue to receive for years to come. As a result of a continuous growth extending over the period of forty-one years since the bank has been in existence, the new

bank building has risen to take care of the greatly increased business and make more complete each of its departments. The spirit of progress and advancement which has characterized the city of Mansfield is reflected in this banking institution, and there is no question as to its being a credit to Mansfield, as it most certainly is also to the bank itself.



Government Position on Foreign Credits

THIS information was given out at the State Department, Washington, on March 31:

"The State Department has from time to time received information directly or indirectly to the effect that belligerent nations had arranged with banks in the United States for credits

in various sums. While loans to belligerents have been disapproved this Government has not felt that it was justified in interposing objection to the credit arrangements which have been brought to its attention. It has neither approved these nor disapproved—it has simply taken no action in the premises and expressed no opinion."

Foreign Banking and Finance

European

DEATH OF LORD ROTHSCHILD.

THERE died at London on March 31 Baron Nathan Mayer Rothschild, head of the British Branch of the great banking firm.

He was born in London November 8, 1840, and was the son of Baron Lionel de Rothschild of Gunnersbury Park, Middlesex, and Charlotte, daughter of Baron Charles de Rothschild of Naples. He was educated at King's College School and at Trinity College, Cambridge, where he began his life-long friendship with King Edward VII.

Soon after he was 21 he entered the great financial house founded by his grandfather and namesake, N. M. de Rothschild, third son of the famous founder of the house, Mayer Anselm of Frankfort. As a young man Lord Rothschild took a great interest in politics. At 25 he was elected to represent Aylesbury as a Liberal, and this seat he retained until 1885, when he was raised to the peerage. He was widely known for his philanthropic activity as well as for his wealth.



Australasian

COMMERCIAL BANKING COMPANY OF SYDNEY.

SPEAKING of the recent half-yearly report of this institution, "The Review," of Sydney, says that the report "is a document of which this popular bank will have reason to be proud for the remainder of its history. Business has been maintained, customers have been loyally helped, the war funds have been liberally helped, more than fifty of the bank's officers have

been allowed to go to the war, and an average of nearly as many more have been allowed away for home defence, and all without the loss of any emoluments or advantages under the pension scheme."

On December 31 last the bank's capital paid up was £2,000,000, with an equal amount of reserve capital; the reserve fund was £1,755,000; undivided profits, £70,961; deposits and other liabilities, £22,228,133, and total assets, £27,038,045.



ENGLISH, SCOTTISH AND AUSTRALIAN BANK.

ASSETS of this bank in June last were £10,959,280, compared with £10,146,153 in June of 1913. Besides setting aside a third of the amount distributed for dividends for the purchase and cancellation of deferred inscribed deposit stock, and adding £50,000 a year to the reserve fund, a dividend distribution at the rate of eight per cent. is being made.



AUSTRALIA'S GOLD PRODUCTION.

THE gold production of the Commonwealth of Australia, says the Sydney "Herald," as supplied by the Mines Departments of the various States, shows a contraction of 156,160 fine ounces, as compared with 1913, which, in its turn, was 116,282 ounces less than 1912. A comparison of the yields of the various States for the last three years, compiled by the Australian "Argus," is subjoined—: 1912, fine ounces, 2,321,343; 1913, fine ounces, 2,205,061; 1914, fine ounces, 2,048,901.

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

The high-water mark of Australia's gold production was in 1903, when 3,837,064 fine ounces were mined. Since then the decline has been continuous. Thus, the annual yield from this source has fallen from \$79,298,080, recorded in 1903, to \$42,314,340 in 1914. Since 1851, from which year the production of gold in Australia dates, over \$1,435,618,000 worth of the metal has been mined in Victoria, the largest quantity in any one year being 3,053,744 ounces in 1856. Since the beginning of the present century, however, Western Australia has been the premier producing State, supplying 23,000,000 fine ounces, as compared with Victoria's 9,000,000 ounces. The yield for Victoria for 1914 is the lowest since 1851, and the Australian total the smallest since 1896.



THE COMMONWEALTH BANK.

CABLE advices state that the net profit for the half-year to December 31 of the Commonwealth Bank of Australia amounted to £13,428 and that the balance-sheet figures give a total of £11,360,504. This bank was formed in 1913 with the Government of the Commonwealth of Australia behind it, and its progress has been rapid. The balance-sheet total at the end of June, 1913, was £5,055,000; at June 30, 1914,

it was £9,773,000, and now it is £11,360,000.



CITY BANK OF SYDNEY.

DEPOSITS and other liabilities of the City Bank of Sydney on December 31 were £2,035,391—about the same figure as reported on June 30, 1914, but considerably larger than at the close of 1913. Profits for the half-year, £15,000, were slightly above those for the preceding half-year. The dividend rate was maintained at six per cent.



AUSTRALIAN BANK OF COMMERCE.

PROFITS of this bank for the half-year ended December 31 were £67,972, out of which an addition of £10,000

FOUNDED 1844

G. LAWTON CHILDS & CO., Ltd.

AMERICAN BANKERS

HAVANA

CUBA

Transact a general domestic and foreign banking business. All banking matters entrusted to us handled promptly and with care.

Special attention paid to collections in Havana and all parts of Cuba.

Principal Correspondents

NEW YORK CITY:

National Bank of Commerce
in New York

LONDON:

Baring Bros. & Co., Limited

PARIS:

Morgan, Harjes & Co.

BERLIN:

L. Behrens & Soehne

MADRID:

Garcia, Calamarie y C.

was made to the reserve fund, the same amounts as were added for the three preceding half-years.

The paid-up capital of the Australian Bank of Commerce is £1,195,592.



BANK OF NORTH QUEENSLAND, LTD.

FOR the last half-year the net profits of this bank were £7,495, compared with £8,478 the previous half-year, this difference being more than accounted for by increase of interest paid on fixed deposits for the six months' period. It was decided, at the shareholders' meeting, to recommend a dividend at the rate of six per cent. a year, and probably a higher rate will not be recommended while the war continues.

The Bank, whose head office is at

NOYES & COMPANY

Established 1879

Foreign Bills

Government and Municipal Bonds

8, Place Edouard VII.

PARIS - FRANCE

Brisbane, has £350,000 capital, of which £187,500 is uncalled; its reserve fund is £35,000, and profits and loss, £8,049; deposits, £1,131,943.



PROFITS OF AUSTRALIAN BANKS.

COMMENTING on the profits made by the Australian banks in 1914, "The Australasian Insurance and Banking Record" says:

"The aggregate amount of net profits establishes a fresh record, being greater than the total shown by the accounts published in the previous year by £54,831, while as compared with eleven years previously it has slightly more than doubled.

"In view of the circumstances of war and drought which have arisen during the last few months the question for the new year will be rather that of the degree in which profits may be expected to diminish than of maintaining the record established during the past year. During the past sixteen years, as shown below, out of net profits aggregating £34,061,168 the amount distributed in dividends has been only £20,442,859, while the remaining £13,618,309 has been added to reserve funds or otherwise dealt with, the basis upon which the banks conduct their business being correspondingly broadened. A similar

Banco de Guatemala

Established
July 15, 1895

Guatemala
C. A.

Directors

ADOLFO STAHL D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSE, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 7,200,258.69
Contingency Fund 3,000,000.00

Foreign Correspondents

New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Seligman & Co.; The National City Bank of New York. San Francisco, Cal.: The Anglo & London Paris National Bank of San Francisco. New Orleans: The Whitney-Central National Bank. Mexico: Banco Nacional de Mexico. Paris: Messrs. de Neufville & Cie. London: Deutsche Bank (Berlin). London Agency: London County & Westminster Bank, Ltd. Hamburg: Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne, Messrs. Schroder, Gebrüder & Co.; Mr. Carlo Z. Thomsen. Madrid: Messrs. Garcia Calamarte & Cia. Barcelona: Messrs. Garcia-Calamarte & Cia.; Banco Hispano Americano. Milano: Credito Italiano.

Agencies in Guatemala

Antigua	Puerto Barrios	Escuintla
Jutiapa	Zacapa	Mazatenango
Pochuta	Coban	Ocosingo
Cotepeque	Retalhuleu	Tumbador
Livingston	Salama	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

effect has been produced in a number of instances by premiums obtained on new issues of shares, which have also been applied to the enlargement of reserve funds. The aggregate reserve funds of the banks shown in our compilation of September, 1899, amounted to £5,053,447, while in the compilation published last September (fifteen years later) they amounted to £14,773,500, an appreciable addition to the earning power of the banks arising from this source.

"The total amount of net profits reported and the total amount of dividends distributed during the last sixteen years, and the proportion by the latter to the former heading, are stated in the following table:

	Total Amount of Net Profits Reported	Dividends Dis- tributed.	Pro- portion. Per cent.
1899.....	£908,080	£660,014	72.68
1900.....	1,304,441	822,325	63.04
1901.....	1,506,305	928,922	61.66
1902.....	1,579,499	983,930	62.28
1903.....	1,622,686	996,740	61.42
1904.....	1,705,068	1,055,656	61.90
1905.....	1,700,631	1,085,825	63.82
1906.....	1,771,382	1,109,845	62.60
1907.....	2,352,717	1,265,407	53.78
1908.....	2,423,568	1,378,885	56.89
1909.....	2,479,414	1,455,815	58.70
1910.....	2,512,348	1,527,507	60.80
1911.....	2,759,932	1,664,384	60.35
1912.....	2,954,914	1,713,453	57.99
1913.....	3,212,676	1,790,921	55.75
1914.....	3,267,507	2,003,230	61.31

Aggregates for the sixteen years are as follows:

Net profits reported during the last sixteen years.....	£34,061,168
Dividends (including bonuses) declared—	
Amount	20,442,859
Proportion	60.02 per cent.
Appropriated for other purposes—	
Amount	£13,618,309
Proportion	39.98 per cent.

"The total amount of appropriations for other purposes is accounted for mainly by additions to reserve funds, writing down bank premises, depreciation in value of investments, votes to staffs, etc."



Latin-America

AMERICAN BANKS WANTED IN BOLIVIA.

FROM the United States consular attachée at La Paz, Bolivia, comes the following interesting information respecting banking in that country:

The present situation indicates an unexampled opportunity for American manufacturers to increase their exports to Bolivia. This applies particularly to foodstuffs, clothing and textiles, powder and explosives, candles, and medicines, all of which are of prime necessity. To

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$919 682.79

Deposits, \$3,308,318.68

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais; Comp. toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Com. merz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

take advantage of the opportunity thus offered, in the absence of a branch bank and considering the scarcity and high price of exchange, it will be necessary to offer such terms of credit as few manufacturers will find expedient and such as not many of the best merchants here care to ask for or to accept.

Since my arrival here I have interviewed over a dozen of the leading importers, American, English, French, and Bolivian. All of them have dealt, or are now dealing, with the United States, England, and Germany. Imports from Germany are stopped. Importations from England have continued, although in greatly decreased volume. They have been very irregular, delayed, and unsatisfactory, in addition to being very expensive, due to high insurance rates. The United States appeared to be the only market available, but, owing to the lack of credit and consequent scarcity of bills on New York, the rate of exchange has gone up to 3.80 bolivianos per \$1, and it is impossible to obtain any great quantity at that price. This is an increase of 43 per cent. over the rate prevailing before the war. Nevertheless, none of the banks will pay higher than 3.25 bolivianos for dollar exchange. This condition of affairs has made further importations from the States an impossibility for the small merchant dealing direct with the factory. Grace & Co. and Denniston & Co., both of whom have connections in the United States, are about the only mer-

chants who are keeping up their importations. Grace & Co. are handling importations of American flour for the account of this Government. Denniston & Co. are in the market to buy all the gold and tin that they can pay for and are maintaining their credits in New York by these shipments. In spite of its unsatisfactory character, the only source of supply is now England, this because of the fact that sterling exchange is at a premium of only 24 per cent. A Bolivian merchant showed me a 90-day sight draft for \$800 covering a shipment of hardware from the United States, informing me that even at the rate of 3.80 he would have considerable difficulty in gathering together enough bills to meet it. This merchant has canceled all orders from the United States. There is no such thing as prejudice against American goods. On the contrary, they are very popular, and the only obstacle in the way of increased trade is the lack of exchange and banking facilities. The average reputable merchant here is willing to pay in 90 days. He feels, however, that if there were an American branch bank through which to deal he could secure more favorable terms in case he needed an extension. The practice here in the case of a renewal is for the merchant to sign a note to the bank on which he pays interest at the rate of 10 to 12 per cent. He feels that if he were dealing more directly with the principal bank instead

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY,
President

K. M. VAN ZANDT, Jr.,
Vice-President and Manager

H. C. HEAD,
Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

GENERAL BANKING TRANSACTED

TELEGRAPHIC TRANSFERS

Foreign Exchange

Unsurpassed Collection Facilities Throughout the Republic

SEND US YOUR MEXICO BUSINESS

WRITE US UPON ANY SUBJECT WHICH MAY BE OF INTEREST TO YOU IN THE
REPUBLIC OF MEXICO. P. O. Address: Apartado 1346.

of a foreign agent the interest would be nearer 6 per cent.

The question of interesting American bankers in establishing a branch in Bolivia is almost if not quite as important as that of securing tin ore to the United States. The following is from an advertisement in "El Tiempo" by the Banco de la Nación Boliviana, as to rates of interest:

Paid—

- On deposits in account current, 2 per cent. per annum.
- On deposits at sight (drawable), 2 per cent. per annum.
- On deposits at 3 months (drawable), 3 per cent. per annum.
- On deposits at 6 months (drawable), 4 per cent. per annum.
- On deposits at 12 months (drawable), 5 per cent. per annum.

Collects—

- On loans, 9 per cent. per annum.
- Advances in account current, 9 per cent. per annum plus $\frac{1}{2}$ per cent. commission every six months.
- Discounts, 8 per cent. per annum plus $\frac{1}{4}$ per cent. commission every three months.

The foregoing is fairly representative of the rates paid and charged by all of the banks here. From an advertisement of the Banco Mercantil I note that their discount rates are 12 per cent. per annum. I may add that these rates are not "war time," but the same rates that have been in existence here for some time previous to the outbreak of war and have come to be accepted as normal.

The following details regarding the principal banks in operation are of interest:

Banco de la Nación Boliviana.—Paid-up capital, 18,962,500 bolivianos; net earnings for 6 months ended December 31, 1914, 1,025,059 bolivianos.

Banco Mercantil (Patiños).—Paid-up capital, 10,000,000 bolivianos; net earnings for 6 months ended December 31, 1914, 125,670 bolivianos, with two branches (Oruro and Tarija) yet to hear from. The Oruro branch is a very

important one, being the center of the tin-mining industry. This bank reported net earnings for the first half-year as 280,000 bolivianos.

Banco Nacional de Bolivia.—Paid-up capital, 8,000,000 bolivianos; net earnings for 6 months ended December 31, 1914, 550,643 bolivianos.

Banco Francisco Argandoña.—Paid-up capital, 4,000,000 bolivianos; net earnings for 6 months ended December 31, 1914, 105,448 bolivianos.

Banco Aleman Trasatlántico.—Capital for branch in Bolivia, 625,766 bolivianos; net earnings, 94,273 bolivianos.

Crédito Hipotecario de Bolivia (Mortgage Credit Bank).—Capital not available; net earnings for last half of 1914, 32,479 bolivianos.



PAN-AMERICAN FINANCIAL CONFERENCE.

AN international financial conference of Finance Ministers and bankers of the Latin-American countries and of the United States will convene at Washington, in May. Its object is specially to devise means of mitigating the inconveniences to these countries growing out of the European war. The conference will be semi-official, being held on the initiative of the American Government.



Asiatic

INDUSTRIAL BANK OF JAPAN.

AT the half-yearly ordinary general meeting of shareholders of this bank, held at Tokyo on February 5, President Shidachi submitted the following report:

"Notwithstanding the unfavorable condition in financial circles, which prevailed during the term, mainly on account of the war in Europe, the result of the half-year may be considered

satisfactory. The value of the national loan bonds owned by the bank was written down by yen 234,864, and the dividend was declared at the rate of 6.5 per cent. per annum, the same as in the last term, leaving a considerable balance to be carried forward to the next account.

"The net profits for the period, including yen 73,187, balance brought forward from last account, and after making necessary payments and deductions, as well as providing for the depreciation of the national loan bonds as mentioned above, amount to yen 739,436. Out of these profits, yen 59,500 was transferred to the reserve against losses, and yen 15,000 to the dividend equalization reserve. After making these transfers, the president recommends that yen 437,500 be paid as a first dividend at the rate of 5 per cent. per annum and that out of yen 227,436 now available yen 20,000 be appropriated for the remuneration of the officers, and yen 131,250 be paid as a second dividend at the rate of 1.5 per cent. per annum. The balance yen 76,186 will be carried forward.

"The exchange business commenced in August last is going on very favorably

and its further development is confidently expected."

The Industrial Bank of Japan was established in 1902 and has its head office at Tokyo. Its fully-paid capital is yen 17,500,000. On December 31 last the deposits were yen 16,575,556, and total resources yen 104,550,630.



Colonial

THE Bank of the Philippine Islands, whose main office is at Manila, with branches at Iloilo and Jolo, in its balance sheet of December 29 last, which has just come to hand, reports: Capital, 4,500,000 pesos; legal reserve fund, 1,125,000; voluntary reserve fund, 100,000; deposits, 1,376,670; currency account, 4,525,336, and total reserve of 18,699,476.

The officers of this institution are: President, John S. Hord; vice-president, Eliseo Sendres; secretary, C. G. Clifford; cashier, Domingo Garcia.



Swiss Loans

MESSRS. Lee, Higginson & Company, Guaranty Trust Company of New York and N. W. Halsey & Company, recently purchased an issue of \$15,000,000 Government of Switzerland five per cent. gold notes, due one-third in 1916, one-third in 1918 and one-third in 1920.

These notes were offered to the public on March 10 and were immediately sold.

This loan is considered the best of the foreign loans publicly offered in this country since the war began.

This loan is of particular interest as the Swiss people have, for many years,

been large consistent buyers of high-grade American securities. Switzerland, however, has been and is making large purchases of commodities in this country and on account of the abnormal rates of exchange, it was more profitable for the Swiss Government to borrow the money here in order to make payment for these commodities than to issue a loan at home, even at a lower rate, and purchase at a large premium the exchange necessary. The immediate success of the loan indicated the strong feeling of confidence in the responsibility and credit of the Swiss Government.



EDWARD W. DECKER
PRESIDENT NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.

The Northwestern National Bank of Minneapolis, Minn.



NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.

AS the center of the great grain growing and milling interests of the Northwest, and a most important point in the receipt and distribution of live stock and other leading products of one of the country's most fertile and enterprising sections, Minneapolis has attained to a very high position in manufacturing, commerce and banking. This growth has been helped most materially by the energy and skill with which the city's banks have been managed, and especially by the adaptation of banking to the special needs of the surrounding territory.

In work of this character the Northwestern National Bank of Minneapolis has reached the point of leadership, and

the bank has been not merely a powerful factor in aiding in the prosperity of its own city and the development of the surrounding territory, but has done a great deal to stimulate interest and to call forth practical efforts in better farming and more extensive stock growing throughout the country generally.

This result has been due very largely to the intelligent knowledge of the problems involved and the tireless energy and enthusiasm of Mr. Joseph Chapman, vice-president of the Northwestern National Bank. Mr. Chapman was quick to realize the dependence of the country upon its farms for genuine and lasting prosperity, and also understood the related fact, that the produc-



JOSEPH CHAPMAN
VICE-PRESIDENT NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.

tivity of the farms could be maintained only by persistent development of the live stock industry.

It is no exaggeration to state that the marvellous development of the Northwest in recent years in grain growing and in stock raising has received an immense impetus from the work done by Mr. Chapman. As chairman of the American Bankers' Association's Committee on Agricultural Development Mr. Chapman has visited numbers of conventions of bankers, meetings of farmers' clubs and gatherings of all kinds, to talk in practical fashion of the need of fertilization of soil, better seed selection, rotation of crops, soil tests, more live stock—and in fact everything calculated to make farming an intelligent, scientific and profitable business.

His campaign of education has stimulated to action, and the corn contests and other incentives to agricultural efficiency, initiated by the banks, have spread to all parts of the United States. Besides being chairman of the American Bankers' Association's Committee on Agricultural Development, Mr. Chapman has been a member of the executive council of the Association and also president of the Minnesota Bankers' Association.



CATTLE LOAN DEPARTMENT.

THE Northwestern National Bank has thus aimed to be of direct practical service to the banks and to the people of its territory. Realizing the growing proportionate deficiency in the supply of meat animals, the bank established, under competent direction, a cattle loan department to help in financing the farmer for the purchase of cattle, and to assist in the lending of its credit by the local bank for that purpose. Already the bank is doing a large business in this class of paper, and it is growing rapidly. The loans are made through country banks, and the demand for this outlet by the latter is bringing to the Northwestern National Bank a largely increasing country

business. The department handling this paper has highly specialized facilities, and is directed by W. E. Briggs, vice-president, who is an expert in this line. This is the only bank in Minneapolis, and one of the very few in the Northwest, making a specialty of cattle loans. With "cattle loans" are included other live-stock transactions.

While disclaiming any particular credit for the result, the Northwestern National Bank nevertheless takes pride in pointing out that since the farmers of one state—North Dakota—have been aroused to the desirability of increasing their live-stock production, the number of hogs shipped in a single year rose from 163,000 to 320,000, or a gain of nearly 100 per cent. Figures could be given to show that all along the line of agricultural activity, in many states, both near by and remote, similar advances are being made.

What has been done by the Northwestern National Bank in this respect is only a part of the bank's well-defined and thoroughly matured policy of being of practical service to the people. Its banking facilities, at every point, are shaped with that end in view.



DEPARTMENT OF INFORMATION.

ON August 30, 1912, there was launched by the Northwestern National Bank a new departure in Northwest banking, and, in some of its features, a departure in all banking. The venture is called the Department of Information, and it is designed to supply information on general subjects, information much more available to the bank, by advantage of position, than to the average inquirer. Furthermore, a very special attention is given to strangers—the newcomer to the bank, the City, the State and the Northwest.

A bank's peculiar position in a community renders possible for it a peculiar service. In the experience of an individual or a commercial establish-



JAMES A. LATTI, VICE-PRESIDENT



W. E. BRIGGS, VICE-PRESIDENT



ALEXANDER V. OSTROM, VICE-PRESIDENT



ROBERT E. MACGREGOR, CASHIER

NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.

ment there is continually arising the new problem. This is exactly the problem that the Information man is intended to solve. He may not at once know the solution, but he knows the man who does know. Out of the bank's thousands of affiliations there is always to be found, immediately, the man who possesses just the intimate, special knowledge desired.

But there remains to be noted the most important activity that is being attempted—Publicity. By this is meant the educational exploitation of the community in which the bank is a factor—Minneapolis, Minnesota, the Northwest. The great metropolitan bank is a financial terminal, and becomes, virtually, with its increasing resources, a public institution. The Northwestern National Bank is trying concretely to realize these possibilities. Specifically, to cite one phase of endeavor, the attempt is being made to visualize to the public, from time to time, municipal, State and Northwestern conditions and opportunities. For instance, a display of many specimens of iron ore from the Minnesota ranges, with photographs, maps, tables of statistics and a head-frame model, is made in the lobby. With the same aim, even before the department was formally established, the lobby was festooned at harvest time with samples of grain and grasses from many farms in this and contiguous states. To many hundreds of people of all classes this display visualized the public crop reports, just as the ore exhibit visualized, in a startling way, the Northwest's unparalleled iron wealth.

The basic intent of the Department of Information is the promotion of the interests of the community through publicity, and the furnishing of specific, disinterested information.



MOVIES TELL OF THE BANK

ANOTHER thing in the nature of an innovation was the putting of the bank in the "movies." This was

done the last part of 1913. For about six months the pictures were used in the Northwestern States, chiefly to interest outside bankers, and used at their request or the request of their local moving picture houses. At present three prints of the reel are being used throughout the entire United States as an industrial and educational feature. The plan followed in the taking of the pictures was to show the institution as it might be shown to a visitor, taking him through the various departments, explaining them and their machinery, introducing him to the officers, etc.

The views, besides showing the work of a big bank, have many items of particular interest, such as the showing of a street railway express wagon, unloading daily silver deposit with guards, and a line of men filing into the bank, a panoramic view of the lobby on a busy day, the work of signature tellers examining checks for forgeries, irregularities, etc., the putting up of currency and coin shipments for outside banks, coin-counting and wrapping machines, the money vault with a glimpse of its \$3,000,000 contents in bills and coin, printing signatures on sheets of currency, cutting sheets into single bills, a million-dollar handful of \$10,000 bills, the clearing-house department with its battery of adding-machines, etc., etc.



WIDENESS OF THE BANK'S SERVICE.

THE bank is not conducted for the benefit of Minneapolis alone, its business is truly "Northwestern." At least half of this bank's operations are directly concerned with its out-of-town correspondents, and a large proportion of its city business is entirely the result of farm operations. For instance, the tremendous activity of the crop-moving season is almost entirely financed with Minneapolis paper and Minneapolis cash, and yet the only portion of this business which



LOOKING TOWARD MAIN ENTRANCE



ON MAIN FLOOR

NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.



LOOKING TOWARD OFFICERS' QUARTERS
NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.

is strictly Minneapolis business is the storing, cleaning, grading, selling and grinding of the grain. All the preliminary operations take place on the farm, and must be paid for by money or credit transferred from the Minneapolis market to the hands of the farmer in the country.



THE BANK'S HISTORY.

THE bank was chartered in 1872 with a capital stock of \$200,000. This was soon raised to \$300,000 and, within a year after that to \$500,-

000. Following this the capital stock was increased in 1882 to \$1,000,000, in 1908 to \$2,000,000 and in 1909 to \$3,000,000 and in 1914 to \$4,000,000, bringing the capital, surplus and profits up to \$6,900,000.

In its officers and directors the bank has been extremely fortunate. William Windom, who was for years a prominent factor in national affairs, a United States Senator, and Secretary of the Treasury under Presidents Garfield and Harrison, was one of the incorporators and active in the early management. Also, Mr. George A. Pillsbury, closely connected with the evolution of Minne-



WAITING ROOM, LADIES' DEPARTMENT
NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.

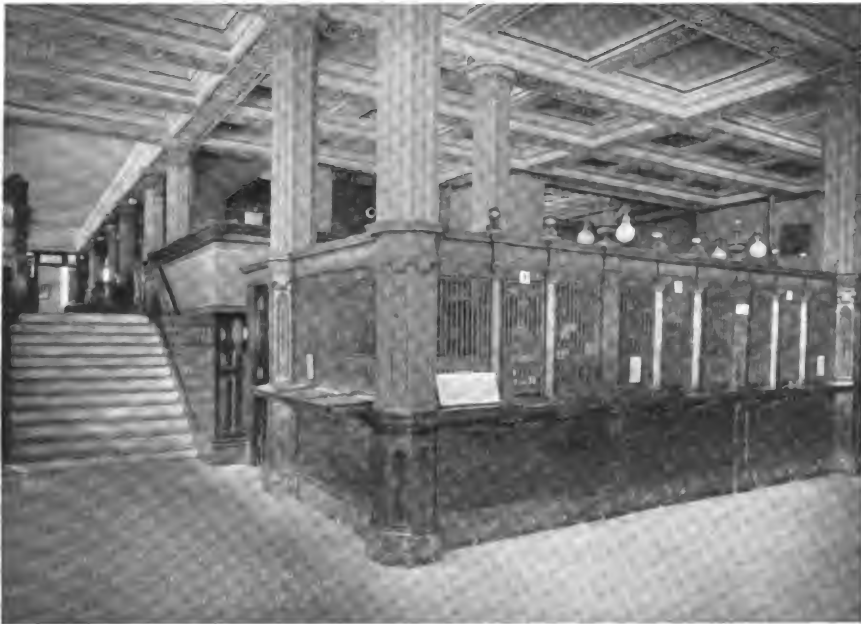


CONNECTING DOOR BETWEEN BANK AND THE AFFILIATED MINNESOTA LOAN AND TRUST CO.

apolis as a flour and grain center, was one of the early directors, and later president of the bank. Three generations of the Pillsbury family have actively participated in the management of the bank.

The Forgan brothers, James B. Forgan and David R. Forgan, became prominent in the Northwestern towards the close of the eighties, and beginning of the nineties. Mr. James B. Forgan in 1891 resigned to accept the position

Two gentlemen, who were guiding spirits of the institution during a long period of its career, were Mr. Wm. E. Dunwoody and Judge Martin B. Koon. Both of these men, now deceased, were active in its affairs until a few years ago. Mr. Dunwoody was a pioneer in the milling and grain business in the city. Mr. E. W. Decker, now the president of the bank, followed Mr. Dunwoody in that office. Both Mr. Decker and Mr. Joseph Chapman, now a vice-



A SECTION OF THE LOBBY OF THE AFFILIATED MINNESOTA LOAN AND TRUST COMPANY
WHOSE OFFICES ADJOIN THOSE OF THE BANK

of vice-president of the First National Bank of Chicago and David R. Forgan, who succeeded him in the Northwestern, later became vice-president of the Union National Bank of Chicago, and is now president of the National City Bank of that city. James B. Forgan later became president of the First National Bank of Chicago, and is now Chairman of the Advisory Council of the Federal Reserve Banks.

Gilbert G. Thorne, now vice-president of the National Park Bank of New York, was made cashier of the Northwestern National Bank in 1896.

president, entered the employ of the Northwestern as messengers under the cashiership of Mr. James B. Forgan. Mr. James A. Latta was elected vice-president in 1909 following the purchase of the Swedish-American National Bank.

In December, 1914, Mr. W. E. Briggs was elected an additional vice-president. At the time of his election he was vice-president of the Stock Yards National Bank of South St. Paul and manager of the St. Paul Cattle Loan Company, South St. Paul.

Mr. Briggs began his banking career



DOOR TO SAFE DEPOSIT VAULTS
NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.

with the Valley Bank (now the Valley National Bank), Des Moines, Iowa, in 1880. A few years later he left the position of assistant cashier of that bank to become cashier and manager of the Bank of Centerville, South Dakota. This bank was sold in 1891, and Mr. Briggs returned to Iowa and in 1896 organized the Madrid State Bank, which he conducted as cashier until 1901, when he resigned to accept the position of secretary and treasurer and manager of the St. Paul Cattle Loan Company of South St. Paul, which company had then just been organized by Swift

& Co., of Chicago, and prominent bankers and capitalists of St. Paul. One year later Mr. Briggs was elected cashier of the Stock Yards National Bank of South St. Paul, and in 1912 was elected vice-president. At the end of 1914, as stated above, he resigned from the Cattle Loan Company and the bank to become vice-president of the Northwestern National Bank.

Mr. Briggs has had experience which qualifies him as an expert in regard to cattle loans and farming, and will thus be able still further to develop the service which the Northwestern National

Bank has been rendering along these lines.

On January 12, 1915, Mr. A. V. Os-
trom, who is still in his thirties, was pro-
moted from the cashiership to a vice-
presidency. On the same date Mr. Rob-
ert E. Macgregor, formerly assistant
cashier, was made cashier. Both of
these gentlemen began their banking
careers as messengers, the latter in the
Northwestern National Bank and the
former in the Swedish-American Na-
tional Bank.

In 1902 the business of the Metro-
politan Bank was purchased, and in
1908 the National Bank of Commerce,
with a capital and surplus of \$1,500,-
000, and the Swedish-American National
Bank, with a capital and surplus of
\$850,000, were absorbed. In 1909 the
Northwestern National Bank became
affiliated with the Minnesota Loan and
Trust Company through the ownership
of the capital stock by the same indi-
vidual stockholders. The combined re-
sources of the two institutions have
reached the sum of \$47,000,000.



HOW THE BANK HAS GROWN.

THE average deposits of the
Northwestern National Bank for
the year 1914 approximated thirty
and one-half millions. This is a
gain over 1913 of over three million
dollars for the entire year, or about
eleven per cent. increase. Ten years
ago the average deposits for the year
were slightly in excess of eight millions.
The past year's business therefore
marks an increase in ten years of 350
per cent. Of course it must be remem-
bered that a portion of this growth was
due to the consolidations occurring with
the National Bank of Commerce, and
the Swedish-American National Bank
in 1908; but the growth before and
since the consolidations has been quite
consistent and regular. From 1904 to
1907 a growth of more than fifty per
cent. occurred, without the help of con-
solidations. Going back another decade

—that is, from 1894 to 1904—we find
a growth in deposits of almost exactly
300 per cent.

In 1914 the aggregate amount of de-
posits made in the bank was \$2,272,-
988,000.

At the Comptroller's call of Decem-
ber 31st, the deposits of the Northwest-
ern National Bank amounted to twenty-
five per cent. of the total Minneapolis
bank deposits, including all National,
State and Savings banks. The daily
clearing-house operations of this bank
comprise thirty-two per cent. of the
total amount of those of all Minneapolis
banks, and are equal to over three-
fourths of the clearing-house operations
in the city of St. Paul. In 1914 \$448,-
982,000 worth of checks were handled
through the Minneapolis Clearing
House by the Northwestern National
Bank.

Nearly \$900,000,000 worth of items
of all sorts were received by the mail
department of this bank for the credit
of its customers, of course the great bulk
of this sum being credited to bank corre-
spondents.

These figures tell in rather a striking
way of the bank's growth:

Deposits, March 4, 1915.	\$34,804,454
Average deposits, 1914...	30,509,000
Average deposits, 1914...	27,451,000
Average deposits (ten years ago), 1904.....	8,243,000
Average deposits (twenty- five years ago), 1889..	2,704,000
Average deposits (forty years ago), 1874.....	161,000

Total Minneapolis clearings, 1914...	\$1,374,267,910.18
Total St. Paul clearings, 1914...	585,307,614.35
Northwestern Nation- al Bank Clear- ings, 1914.....	\$448,982,181.77

It may be stated that the report made
to the Comptroller of the Currency on
March 4 last represented the highest
figures in the history of the Northwest-
ern National Bank, deposits being \$34,-
804,454 and total resources \$42,887,355.



WIRT WRIGHT

**PRESIDENT NATIONAL STOCK YARDS NATIONAL BANK
PRESIDENT NATIONAL CATTLE LOAN COMPANY
NATIONAL STOCK YARDS, ILL.**

National Stock Yards National Bank

A VERY interesting study might be made of the organization and operation of a modern stock-yards enterprise. Physically, one of these plants is an association of railway terminal facilities, barn and yardage space, packing plants and office building housing postoffice, bank, railway, telegraph and commission firm offices. Organically, its function is to provide a meeting place for the seller and purchaser of live stock. Here the producer, the transportation company, the financier and manufacturer of meat products get together; and not the least important of these factors is the bank.

When the St. Louis National Stock Yards was established across the river from St. Louis in 1872 it became evident that a bank was necessary, and in the same year an institution was organized and operated until 1889 as a private institution by Messrs. Newman and Farr. Private banks were then, and still are, for that matter, permissible under the laws of the State of Illinois. In 1889 the bank was reorganized under the control of Isaac H. and C. G. Knox, as a state bank, under the name of "The Stock Yards Bank," with a capital of \$50,000.00.

The bank promptly became a factor of importance in the business operations at the stock yards, and grew as the stock yards industry developed. The demands upon it for financing the industry in the territory tributary to the market became so insistent that in 1899 the bank associated with itself a new organization called "The St. Louis Cattle Loan Company," the object of which organization was to loan money to cattlemen and sell the paper to banks which might be purchasers throughout the country. The two institutions were managed and grew co-ordinately until the first of May, 1908, when the bank was nationalized under the title of "The National Stock Yards National Bank"

—the loan company at the same time changing its name to "The National Cattle Loan Company."

It will be seen therefore that these



H. W. KRAMER

ASSISTANT CASHIER NATIONAL STOCK YARDS
NATIONAL BANK, NATIONAL STOCK
YARDS, ILLINOIS

two organizations have lived through the period which has seen the development of the live stock production from a comparatively small factor in the country's business to a point where the amount of money invested exceeds that of the capitalization of all of the railroads in the United States. In the same period the packing industry has grown from a mere slaughtering business to the great enterprise, with its many allied industries, which we see today. The life of these two institutions has seen all of the contingencies inci-



O. J. SULLIVAN

**VICE-PRESIDENT AND CASHIER NATIONAL STOCK YARDS NATIONAL BANK
SECRETARY AND TREASURER NATIONAL CATTLE LOAN COMPANY
NATIONAL STOCK YARDS, ILLINOIS**



R. D. GARVIN

ASSISTANT CASHIER NATIONAL STOCK YARDS
NATIONAL BANK, NATIONAL STOCK
YARDS, ILLINOIS

dent to the business of financing the live stock industry. Droughts and poor markets have prevailed at different periods, as well as other periods of considerable prosperity to cattlemen. Therefore, the experience and organization of this dual institution have equipped them to serve the banking and agricultural interests of the territory tributary to St. Louis with expert knowledge born of experience.

Two of the present officers of the institutions have been with the bank and loan company through the period of greatest progress. Mr. Sullivan has been in the organization since 1901 and Mr. Wright since 1907.

An indication of the growth of the National Stock Yards National Bank is given in the accompanying figures:

The National Stock Yards National Bank, and predecessor.

	Capital.	Surplus and Profits.	Deposits.
1889.....	\$50,000		\$200,000.00
1892.....	100,000	\$115,000.00	350,000.00
1905.....	100,000	400,000.00	900,000.00
1908.....	350,000	115,000.00	2,500,000.00
1912.....	500,000	150,000.00	4,000,000.00
Mar. 4, 1915	500,000	260,979.77	4,794,815.93



The Banks in the European War

AN up-to-date recital of the manner in which the banking situation caused by the European war was handled both in the United States and Europe is embodied in the new edition of the well-known work of Mr. Charles A. Conant, "A History of Modern Banks of Issue," which is just being brought out by Messrs. G. P. Putnam's Sons. Mr. Conant was already engaged on the revision of the work for the fifth edition when the war broke out, but delayed its completion until definite data became available in regard to the policy of the great European banks in dealing with war finance, and the organization of the new banks established by the Federal Reserve Act. These important operations form the subject matter of the two new chapters of the work dealing with

"The Federal Reserve Act" and "The Banks in the European War." The data on the latter subject is brought down as late as December, when exchange had turned in favor of New York, and the New York banks had already retired the bulk of their clearing-house certificates and emergency bank notes. The revised edition, however, which (including the index) runs to 783 pages, goes much beyond the addition of two new chapters. The changes in recent years in the charters of the banks of France, Germany and Austria-Hungary are fully described and the statistics of these countries are brought down to date. Changes in the banking law of Canada, Nicaragua and the revision of the currency system of British India are also set forth.

The Exclusive Bank Building



SPRINGFIELD INSTITUTION FOR SAVINGS, SPRINGFIELD, MASS.
A GOOD EXAMPLE OF THE EXCLUSIVE TYPE OF BANK BUILDING
(Illustration by courtesy of Messrs. Hoggson Bros., N. Y.)

THE exclusive bank building is its own herald. There is no mistaking its purpose. In the simple dignity of its architecture—distinct, individual—it stands as a bulwark of security. Its very aspect lends confidence, it is the concrete expression of the trust features of the banking business. There is a calm serenity about an exclusive bank building which makes it seem fully conscious of its own powers, and of its capacity for caring for its own responsibilities.

In these days of strenuous advertising, when banks spend large sums to keep their names persistently before the public, an impressive building is at once the best investment and the best advertisement a bank can have. This fact should be self-evident. The building stands—day in and day out—consistently advertising the institution it houses. The city claims it for its own, as a civic improvement, a thing of beauty and worth; each depositor has a real joy in the consciousness of part ownership, and every resident in the community refers to it with pride.

The value of this perception on the part of the public is peculiarly effective. One who has contemplated the “psychology of increased deposits” can readily comprehend the effect that a dignified and substantial bank building has on the public mind, and the confidence it begets. The building typifies the institution, and both become capitalized in the minds of the public.

The investment of capital in a splendid edifice admirably planned for the carrying on of its principal business, inspires the public with a sense of faith and security in the stability and prosperity of the institution. Increase in confidence brings about increase in deposits; thus the money invested in the new building becomes a paying investment and an asset instead of an expense and a liability.

A comparatively small outlay is required in the erection of an exclusive bank building and such a structure has many practical advantages to recommend it. The very best utilization of space may be attained. With no massive columns to interfere with the equip-



CITY NATIONAL BANK, DANBURY, CONN.
ONE OF HOGGSON BROS. EXCLUSIVE BANK TYPE

ment, the floor area may be planned advantageously for the furniture and fixtures; the working quarters and the public space properly arranged, and the utmost efficiency obtained from every foot of space.

It is only in the exclusive bank building that it is possible to secure natural overhead light, with which no method of artificial illumination can compare.

While no two banks need to be alike, all banks should know about and take advantage of the many new ideas in construction and improvements in equipment which have been tested and found to be essential and economical for conducting modern banking.

There are special conditions affecting the lines of activity of different banking institutions which require individual study. One bank conducting a strictly commercial business discovers

that the new arrangement of the officials' desks has the effect of pleasing its customers, who see in the new layout a compliment to themselves. The practical working of the "open-door" policy has untold value.

Another bank in its new building finds not only that the business is carried on much more easily and effectively by reason of the increased public and working spaces, but that by the scientific arrangements of the working quarters the employees are able to get the greatest amount of competent usefulness with the least amount of effort.

In other banks the problems presented by narrow lots are overcome—the very obstacles lending a zest and presenting a challenge that brings into play the best resources of the designers, affording happy and skillful results.

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

New York City

—The Fifth Annual Banquet of the trust companies of the United States, members of the Trust Company Section of the American Bankers Association, will be held at the Waldorf-Astoria, New York, on the evening of Friday, May 7.

—Between December 31, 1914, and March 4 of this year, loans of the National banks of New York increased over \$100,000,000. Demand deposits decreased and time deposits increased.

—Three hundred and fifty men from the Guaranty Trust Company of New York, members of the Guaranty Club, held their fourth annual dinner at the Park Avenue Hotel, recently.

Hy. R. Wohlers, president of the club, presided as toastmaster, and unusually interesting and entertaining addresses were delivered by Hon. Edward James Cattell, city statistician of the City of Philadelphia, and Hon. Francis S. Hutchins, of the New York Bar.

The Guaranty Club, with a membership exceeding four hundred, will soon enter the fifth year of its existence. It has demonstrated that an organization of this kind in a large company is of distinct benefit not only to the employees but to the institution which they serve.

—On March 15 the Bank of New York, National Banking Association, celebrated its one hundred and thirty-first anniversary, having been organized by Alexander Hamilton and others in 1784. For nearly 117 years the bank has occupied its present site at Wall and William streets.

—Messrs. J. P. Morgan & Co., the National City Bank and the First National Bank, on April 1 announced an offering of a five per cent. loan of \$50,000,000 to the French Republic. The loan was issued in denominations of \$1,000, payable in dollars in New York, or at the option of the holders, in francs, in Paris, at the rate of 5.18 $\frac{1}{8}$.

—Minimum prices on stocks and bonds, which had been maintained since December 15 last, were removed on March 31, so that trading on the New York Stock Exchange has now been resumed on the same basis as existed before the beginning of the European war. The reasons for removing these restrictions were thus stated:

First—That in most cases the ruling prices are far above the minimum prices, and hence the latter are practically useless.

Second—That financial affairs throughout the country and our foreign trade situation have so improved as to remove the danger existing at the time of the reopening of the Exchange.

—The statement issued on March 19 by the Guaranty Trust Company in response to the call of the Superintendent of Banks exhibits total deposits of \$259,699,860. The deposits of this company on February 28, 1911, were \$133,000,000. The gain, therefore, in four years has been more than \$126,000,000, or nearly one hundred per cent.

In the same period the total resources of the company have more than doubled, the amount in 1911 being \$173,471,958, and on March 19, 1915, \$354,618,803, or a gain of \$181,146,845.

A Massachusetts Banker found that self satisfaction was causing stagnation in the growth of his Bank.

The Collins Plan attracted him and after two years of Collins Service he writes:

"Your general Publicity Service has been of material aid in the development of our business and in making our Bank the fastest growing in the City."

**COLLINS
PUBLICITY SERVICE
PHILADELPHIA**



—About April 15 the Mechanics and Metals National Bank will remove from 50 Wall street to its new banking offices at 20 Nassau street.

On March 23 this bank reached its one hundred and fifth anniversary, having been organized by the Society of Mechanics and Tradesmen in 1810. At that time only three other banks had been chartered in the city.

—A century of successful banking is celebrated in a carefully prepared book recently issued by the Farmers National Bank of Bucks County, Bristol, Pa. This institution was granted letters patent October 31, 1814, organized on December 5 of that year, and began business January 17, 1815. It became the Farmers National Bank of Bucks County on December 13, 1864, and has thus had fifty years under each system.

The organizers, after getting enough capital to make a start, hired an engraver to make a plate for printing notes, bought an iron strong-box—burglar-proof—costing \$73.12, and began to do a banking business.

In the long years that have elapsed since that beginning, the bank has grown to be a very prosperous institution, having paid nearly a million dollars in dividends, and having besides its capital of \$92,220, surplus and profits of \$276,284.47 (January 17, 1915), and

1865



1915

DRY COLD STORAGE

For

FURS

**Affords Absolute Security
At a Minimum of Cost**

Rates on Application

**Out of Town Customers May Send Their
Furs Express Charges Collect**

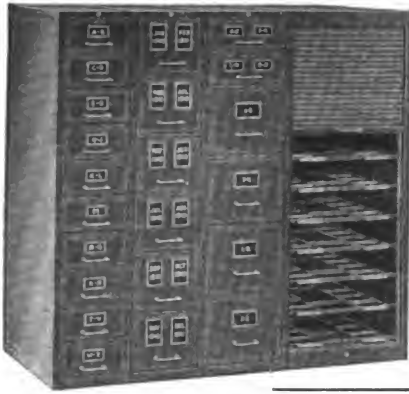
C. C. SHAYNE & CO.

Importers and Manufacturers of

STRICTLY RELIABLE FURS

126 West 42d Street

NEW YORK CITY



Vault Filing Equipment on the UNIT Plan

Our facilities and experience enable us to properly equip a vault complete for a bank of any size. The Baker-Vawter Unit plan enables the small bank to install one section at a time and add to it as its growth demands.

If you are interested in the best method of filing Checks, Deposit Tickets, Pass Books, Documents, Correspondence, Reports, or any of the records the average bank has to file, you will find it to your interest to write us for particulars.

We carry in stock for immediate shipment a large variety of High Grade Steel Filing Sections for High Grade Banks.

Baker-Vawter Sections are built for service—not to fit a price. Ask for catalogue.

BAKER-VAWTER COMPANY

Bank Accounting Systems Steel Filing Equipment

BENTON HARBOR, MICH. HOLYOKE, MASS.

OFFICES—In all principal cities SALESMEN—Everywhere

total resources, \$1,619,539.44. The bank has a fine building of a distinctive type, well equipped, and with a modern vault which eclipses the strong-box already mentioned.

—On March 22 announcement was made that the People's National Bank of Pittsburgh had taken over the Lincoln National Bank. The latter was organized in 1893 with \$600,000 capital, and according to a late statement had deposits of \$4,758,000.

At the close of business March 27 the People's National Bank reported: Capital, \$1,000,000; surplus fund, \$1,000,000; undivided profits, \$866,274.08; circulation, \$971,100; deposits, \$17,067,320.51; total, \$20,904,694.59.

—Directors of the City National Bank of Gloversville, N. Y., tendered a complimentary dinner on the evening of March 13 to the newly-elected officers of that institution.

Those present included, in addition to the donors of the banquet, and the guests of honor, representatives of the Fulton County National Bank, the employees of the City National Bank, several prominent citizens and a number of out-of-town men connected with banking institutions in Johnstown, Fultonville, Amsterdam, Schenectady and New York city.

The officers to whom the dinner was tendered are Charles N. Harris, president; Edward S. Parkhurst, vice-president, and Charles L. Smith, cashier.

The members of the board of directors who tendered the banquet are Warren E. Whitney, chairman; James M. Thompson, J. Herbert Drake, John Martin, George W. Mandrill, William C. Mills, Samuel B. Brown, George C. Burr, Gustav Levor, Edward S. Parkhurst, Edward C. Shotwell, Charles N. Harris, J. Ernest Jones, Nelson E. Dutcher and J. Howard Place.

The speakers included Hon. A. D. L. Baker, president of the Fulton County National Bank; Walter H. Bennett, vice-president American Exchange National Bank, New York; Charles E. Gardner of Harris, Forbes & Co., New York, and Judge Frank Talbot, attorney for the City National Bank of Gloversville. Judge Talbot, on behalf of the board of directors, presented President Harris with a handsome watch.

—At a cost of about \$75,000 the National Iron Bank, Pottstown, Pa., has completed a new building, which it now occupies.

—Despite the disturbed financial condition during the last part of 1914, caused by the European war and general depression of business conditions, the banking institutions of New York State made a creditable showing for the year, according to the annual report of Superintendent of Banks Eugene Lamb Richards, on savings banks, trust companies and other banking institutions. In commenting on the savings banks Superintendent Richards says:

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street.
NEW YORK

CAPITAL
\$1,000,000

SURPLUS
\$1,000,000

OFFICERS

RUEL W. POOR, President
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLAS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cashier
JOHN W. PEDDIE, Asst. Cashier

DIRECTORS

Charles T. Wills
Ruel W. Poor
Samuel Adams
Wm. H. Gelsheuen
Frederick T. Fleitmann

Morgan J. O'Brien
Thomas D. Adams
Robert J. Horner
A. Pagenstecher, Jr.

"The savings banks of this State were given a severe test during the past year. However, they have demonstrated that probably never in their history were they better able to meet the tremendous demand made upon them due to general business depression and the European war. That the savings banks of the State were able to meet the heavy demands made upon them is shown by the reports filed with this department giving their condition on January 1, 1915. While these reports show a loss in their total resources of \$14,129,757, this de-

crease is due partly to the fact that the new banking law provides that savings banks must report their surplus based on market values. Under the old law the surplus was based upon the so-called investment or amortization values.

"The amount due depositors on January 1, 1915, was \$1,771,500,958, which is an increase of \$29,803,486 for the year. This amount includes interest accrued to depositors at the close of business December 31, 1914. The aggregate amount deposited during the year was \$410,275,689, whereas the withdrawals exceeded this amount by \$33,343,598.

"The number of open accounts on January 1, 1915, was 3,171,305, an increase of 27,851. The total amount of dividends paid to depositors of savings banks in this State for the year 1914 was \$63,163,709, which shows an increase of almost \$2,500,000."

—Some interesting statistics regarding trust companies in the State of New York appear in the recent annual report of the Superintendent of the State Banking Department, as quoted below:

"Eighty-one trust companies reported to the Superintendent of Banks on December 24, 1914, or the same number as reported on December 9, 1913. Aggregate resources amounted to \$1,740,598,437, or an increase of \$165,942,230 for the year.

"Total deposits increased \$173,939,-

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,990,000

OFFICERS

JULIAN D. FAIRCHILD, President
JULIAN P. FAIRCHILD,
WILLIAM HARKNESS,
D. W. McWILLIAMS,
WILLIAM J. WASON, JR.,

Vice-Presidents

THOMAS BLAKE, Secretary
HOWARD D. JOOST, Asst. Sec'y
J. NORMAN CARPENTER, Trust Officer
GEORGE V. BROWER, Counsel

TRUSTEES

WALTER E. BEDELL
EDWARD C. BLUM
GEORGE V. BROWER
FREDERICK L. CRANFORD
ROBERT A. DRYSDALE
JULIAN D. FAIRCHILD
JULIAN P. FAIRCHILD
JOSEPH P. GRACE

WILLIAM HARKNESS
JOSEPH HUBER
WHITMAN W. KENYON
JOHN McNAMEE
D. W. McWILLIAMS
HENRY A. MEYER
CHARLES A. O'DONOHUE
CHARLES E. PERKINS

DICK S. RAMSAY
H. B. SCHARMANN
JOHN F. SCHMADEKE
OSWALD W. UHL
JOHN T. UNDERWOOD
W. M. VAN ANDEN
LLEWELLYN A. WRAY
JOHN J. WILLIAMS

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS.

420, which is offset by increases in stock and bond investments of \$40,232,531, in loans and discounts of \$75,187,334 and in amounts due from other banking institutions of \$47,524,811. It should be noted that in the case of loans the entire increase is accounted for in those secured by collateral other than real estate \$56,513,990 and in those unsecured \$19,265,960.

"Total capital stock of trust companies under supervision on December 24, 1914, shows an increase over the previous year of \$1,750,000, although one company with a capital of \$250,000, which has been in liquidation for several years past, was closed, and two others, with a combined capital of \$1,100,000, were merged with large banks of deposit and discount. Three trust companies were chartered during the year 1914.

"Total surplus, including all undivided profits on market values, was \$162,552,043, a decrease during the year of \$12,389,759. The ratio of surplus and undivided profits to aggregate deposits was 11.3 per cent. at the close of 1914, as compared with 13.8 per cent. at the close of 1913. The downward tendency of the security market, which is largely responsible for this decrease, is still more apparent when it is noted that this percentage was 14.5 per cent. at the close of 1912.

"The amount of overdrafts shown in the last report of trust companies for the year 1914 was \$142,360, a decrease of \$15,149. This is less than one-tenth of one per cent. of total deposits. The practice of allowing overdrafts in institutions under the supervision of the Superintendent of Banks has been discouraged for years, and the total amount of such overdrafts has never been large enough to cause any apprehension."

—This question was debated on the evening of March 2 by members of Utica and Syracuse chapters of the A. I. B.:

"Resolved: That New York State should enact a law compelling banks and trust companies to guarantee deposits."



4918

8-23

Western National Bank

PITTSBURGH, PENNSYLVANIA

Capital
\$1,000,000

Surplus and Profits
\$475,000

Resources
\$7,000,000

CHARLES McKNIGHT, President
D. G. STEWART, Vice-President
GEORGE S. MACRUM, Vice-President
H. C. BURCHINAL, Cashier
RALPH V. HUKILL, Assistant Cashier
GEO. H. GERWIG, Assistant Cashier
B. J. McCONNELL, Secretary

This bank is thoroughly equipped to handle all business pertaining to banking, and invites the accounts of banks, corporations, firms and individuals.

Special attention given to collections and offers every facility and the attention of its officers of long experience in the treatment of all items entrusted to it.

We make a specialty of handling Pittsburgh and Western Pennsylvania items in bulk.



Planters National Bank

RICHMOND, VIRGINIA

Capital - - \$300,000

Surplus & Profits \$1,550,000

Total Resources \$8,000,000

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier



**Unsurpassed Facilities for
collecting Items on Vir-
ginia and the Carolinas**

Utica Chapter upheld the affirmative, and these were the debaters on that side: Carl H. Simon of the Farmers National Bank of Rome; Grover C. Clark of the Utica Trust and Deposit Company and Frank P. McGinty of the Utica National Bank.

These members of Syracuse Chapter took the negative side: Arthur A. White of the Commercial National Bank, Albert B. Merrill of the Trust and Deposit Company of Onondaga, and Millard R. Ames of the Central City Trust Company.

The decision of the judges, Prof. Everett W. Goodhue, economist, of Colgate University, Hamilton; Henry D. Fearon, cashier of the Oneida Valley National Bank, Oneida, and Ernest I. Edgecomb, attorney, of Syracuse, unanimously favored the negative.

The debate was held at the rooms of the Chamber of Commerce in Utica. Three hundred persons, bankers and other business men, including a delegation from Syracuse, were at the contest.

This was the third victory in public debate won by the Syracuse bank men since the chapter was organized three years ago, having twice defeated Rochester.

—At a cost of about \$48,000, the Dover Trust Company of Dover, Del., has completed a new building, a dignified appearing one-story structure of the classic type of architecture. The exterior construction is of granite and marble, and presents an imposing and attractive appearance.

The banking-room has a ceiling height of twenty-five feet and is finished with caen stone cement plastered wall and ornamental cornices. The cabinet work is of San Jago mahogany, imported from Central America, finished in dark color with the highest cabinet finish. The working portions are finished with Indiana white oak.

The marble used in the counter screens and wainscoting is molded and carved and given a highly polished finish. The tiling in the vestibule and public space is of squares of the hardest

Tennessee marble, arranged in neat and harmonious design. The metal work of the counter screens is of gold statuary bronze.

The officers' room is located adjacent to the public space and to the working part of the bank. The directors' room, twelve by twelve feet, is on the front mezzanine floor and is reached by an iron and marble stairway direct from the public space. The room is furnished in San Jago mahogany and enriched with a mantelpiece of classic design. The bookkeepers' desks are in the rear mezzanine gallery. The storage vaults for unused books and papers of the institution are in the basement.

The safe department, surrounded by steel grill work, with heavy locked gates, contains private alcoves or document rooms, from which can be obtained direct entrance to the safe deposit vault. The safe-deposit vault is enclosed by heavy fireproof masonry walls, and consists of an interlining of many plates of chrome steel, which run crosswise to each other and are secured by tempered chrome steel screws.

Entrance to the vault is obtained in the daytime by self-closing steel gates and at night through a massive circular chrome steel door, seven feet in diameter, which is secured by heavy bolts operated by triple-movement time locks and other automatic devices. The thickness of this door, including the bolt frames, is more than a foot.

Citizens State Bank and Trust Company

DALLAS, TEXAS

Opened For Business May 31, 1913

Comparative Statement Showing Growth in
Deposits

Deposits June 4, 1913 . . .	\$144,606.51
Deposits August 9, 1913 . . .	296,299.27
Deposits October 21, 1913 . . .	552,788.95
Deposits June 30, 1914 . . .	730,000.00

*Prompt attention given to all Banking
Matters entrusted to our care.*

Resources

\$10,000,000.00

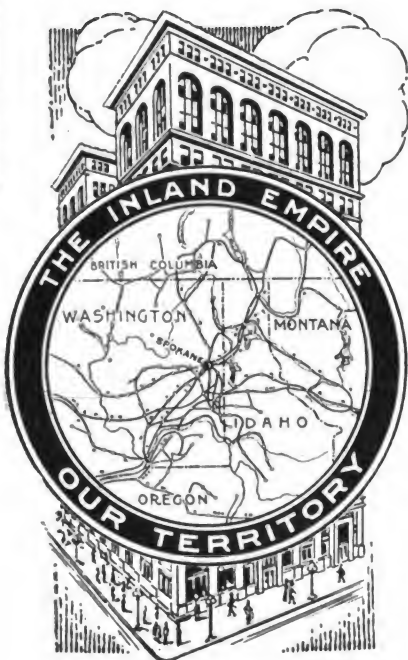
If intelligent handling of items and low rates appeal to you send us your Buffalo business



Try our Service

and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier



The Old National Bank of Spokane

WITH direct connections in every banking point throughout the "Inland Empire"—a region three times the size of Alabama, of which Spokane is the financial and railroad center—The Old National has the facilities to collect your Pacific Northwest items with exceptional economy and dispatch.

OFFICERS

D. W. TWOHY, President
T. J. HUMBIRD, Vice-President
W. D. VINCENT, Vice-President
J. A. YEOMANS, Cashier
W. J. SMITHSON
G. H. GREENWOOD J. W. BRADLEY
Assistant Cashier

RESOURCES : \$13,000,000



—Albany Chapter, A. I. B., held its annual banquet at the Hampton Hotel on March 25. The speakers were the Rev. Joseph Addison Jones, Rev. Charles H. Johnson, assistant to Warden Osborn at Sing Sing, who spoke on "Social Salvage," Dr. Arthur Root and Mr. Harry E. Pollard, who spoke on "Bank Examinations."



NEW ENGLAND Boston

—Members of the National Bank Cashiers' Association of Massachusetts had their annual dinner at Young's Hotel on the evening of March 3. Guests included the Governor, Lieutenant-Governor and State Treasurer.

Boston Chapter of the American Institute of Banking has proposed Robert H. Bean for president of the institute for the forthcoming fiscal year.

Mr. Bean is one of the best-known younger members of the banking fraternity in his home city, and enjoys a wide acquaintance throughout the coun-



ROBERT H. BEAN

The National Cattle Loan Company



NATIONAL STOCK YARDS, ILLINOIS

Capital, \$200,000.00

Sells over its endorsement loans made by responsible cattle men, secured by cattle inspected by our own representatives to banks wishing safe, short-time, liquid investments.

CORRESPONDENCE INVITED

AT THE ST. LOUIS NATIONAL STOCK YARDS

try, due largely to his activities in the work of the local chapter.

When the institute first extended its influence to Boston in 1909, Mr. Bean was among the earliest to devote himself actively to its educational problems, and after service on various committees, was elected president of Boston Chapter for the year 1912-13 and re-elected for 1913-14. Under his administrations the chapter membership nearly doubled, due in large part to the splendid educational courses which were offered under his direction, and to the active interest which he created especially among the younger men.

At the Salt Lake City convention his abilities were further recognized by election to the National Executive Council for a three-year term, during the present year of which he has been chairman. As a member of the council he has served on the Richmond Convention Programme Committee, and also the Post-Graduate Committee for two years.

Boston Chapter feels that in presenting Mr. Bean's name it offers a man who not only knows the institute thoroughly, but in addition has at heart the educational needs of the younger men in the banking business, having himself served for eighteen years in various responsible positions—first with the Third National and later with the National Union Bank, Boston. He is at present treasurer of the Old South Trust Company, organized during the past year.

The convention of the institute will

be held on August 17-19 at San Francisco, Cal., and will undoubtedly be very largely attended.

—Under the provisions of the Federal Reserve Act, the National Shawmut Bank of this city has been granted the right to exercise trust functions.



—Hartford, Ct., Chapter of the American Institute of Banking, and New York Chapter will have a joint debate, April 20, on this topic: "Resolved, That the California law disqualifying alien Japanese from holding land in California should be repealed."

Hartford will uphold the negative side.

—Massachusetts has taken its first step toward the establishment of a land bank, the legislative committee on banks and banking having reported a bill with this object in view, upon the recommendation of the State Board of Agriculture.

The bill provides that ten or more savings or loan associations, when authorized by the Bank Commissioner, and which have aggregate resources of not less than two million dollars, may form the land bank of the State of Massachusetts. The offices are to be established in Boston, and the number of shares for which the associations subscribe shall not aggregate less than 100,000, which must be paid in cash.



This emblem stands for fifty years of recognized business stability, for an organization that covers the country with its branches and service stations and above all, for assurance of responsibility. Every J-M product is made not merely to sell, but to give service. To assure the permanent satisfaction of every J-M customer and to insure Full Service of every J-M product, this Company pledges the whole measure of J-M Responsibility.



Night View of Counter Screen in National City Bank, New York.

In the National City Bank, New York City the general illumination, as well as that of the various types of desks, is harmoniously and satisfactorily accomplished by the use of FRINK reflectors exclusively. There is no glare and consequently no eye strain.

Write nearest branch for Catalog No. 408.

H. W. Johns-Manville Co.

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Seattle
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Washington
Wilkes-Barre
Youngstown

THE CANADIAN H. W. JOHNS-MANVILLE CO., LIMITED

3029

Toronto

Montreal

Winnipeg

Vancouver

In addition to the powers conferred by the regular corporation law of the Commonwealth, the land bank is authorized to issue, sell and redeem debenture bonds and notes secured by bonds and first mortgages made to or held by member associations. It may also receive property from its members and from other persons, with whom it has engagements, in instalments and otherwise; and may invest its capital and other funds in bonds secured by first mortgages of real estate situated within the territory in which its members are authorized to make loans.

—Frederic B. Washburn, treasurer of the Worcester Five Cents Savings Bank, was re-elected president of the Massachusetts Savings Bank Club at its annual meeting last month. Mr. Washburn, as noted in these pages last month, was Commissioner of Savings Banks in Massachusetts before becoming connected with the Worcester institution. Other officers were elected as follows: Vice-presidents, Ezra D. Whittaker of

Utah Savings & Trust Company Salt Lake City, Utah

General Banking—Trust—Bonding

Title Insurance—Safety Deposit Vaults

Capital . . . \$300,000

Surplus & Profits, 40,000

OFFICERS:

W. S. McCormick, President
Anthon H. Lund, Vice-President
Geo. Albert Smith, Vice-President
F. M. Michelsen, Cashier

**Facilities for thorough
Banking service.
Expeditious and Intelli-
gent handling of collec-
tions throughout this In-
ter-mountain country.**

25 Years Old



FREDERIC B. WASHBURN

the North Adams Savings Bank, and William P. Hart of the Charlestown Five Cents Savings Bank; secretary, Charles L. Burleigh of the Worcester Mechanics Savings Bank; treasurer, Roland F. Gammons, 2d, of the West Newton Savings Bank.

—The merger of the Charter Oak National Bank with the Phoenix National Bank of Hartford, Conn., has been completed and the statement to the Comptroller of March 4 shows the Phoenix National to be the largest bank in point of deposits in Connecticut. On that date, its capital stock was \$1,000,000; surplus and profits, \$714,320.85; deposits, \$8,761,599.35, and total resources, \$11,457,870.20. The officers of the bank remain as before: Frederic L. Bunce, president; Leon P. Broadhurst, vice-president; William B. Bassett, cashier, and Merrick W. Chapin, assistant cashier.



Capital, \$1,000,000

Surplus, \$600,000

Located at the "Gateway of the South"

Having been established as The State Bank of Virginia 45 years ago, we have served continuously financial institutions in all parts of the South. This long period of successful service has resulted in a banking equipment that is unexcelled at

Richmond, Virginia

Another result of handling the accounts of Southern Bankers for these many years is that we know accurately the needs of financial institutions located in Southern States. Your Southern business solicited. Direct routing of items our specialty. Correspondence cordially invited.

National State and City Bank

WM. H. PALMER, President

JOHN S. ELLETT, Vice-President
J. W. SINTON, Vice-President

WM. M. HILL, Vice-President
JULIEN H. HILL, Cashier

—An advance in the movement for the consolidation of the Hartford National Bank and the Aetna National Bank of Hartford comes through the vote of the directors of the former to request its president to call a meeting of stockholders on April 23 and 27, to recommend the purchase of the stock of the Aetna National Bank.

The recommendations of the directors will include an increase in capital stock by the issue of 8,000 additional shares at \$200 a share, making the bank's capital stock \$2,000,000. The consolidated bank will probably be known as the Hartford-Aetna National Bank.



SOUTHERN STATES

—Merger of the Commercial Bank and Trust Co., with the American Bank and Trust Co., Birmingham, Ala., is reported.

—At Raleigh, N. C., the Merchants' National Bank has absorbed the Anchor Trust Co.

—Under authority of the Federal Reserve Act the Federal Reserve Board at Washington has designated Chattanooga, Tenn., as a reserve city.

—Agricultural methods and agricultural credit were leading topics of discussion at the convention of the Florida Bankers' Association, held at Palatka, March 26 and 27.

—R. M. Farrar is the new president of the National Bank of Commerce, Houston, Texas, succeeding Gus C. Street, who resigned from the presidency, but continues a member of the board of directors.

Mr. Farrar is largely interested in the lumber business, is a director of the Bankers' Trust Company of Houston, and has been a prominent factor in developing the city's business in-

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$950,000

terests. John A. Hulen succeeds Mr. Farrar as vice-president of the National Bank of Commerce.

—Throughout all parts of the country banks are either building, moving into new homes, or improving their present quarters. One of the latest to participate in this progressive movement is the National Bank of Commerce, Pensacola, Fla., which has moved into its finely equipped banking rooms in the Thiesen Building. In the main banking room, the officers quarters, the safety-deposit vaults, and in every part of the commodious rooms, the arrangement and equipment are in accordance with the latest requirements.

—The annual convention of the Louisiana Bankers' Association will be held in New Orleans April 15 and 16.

—With its customary alertness, the American National Bank of Richmond was one of the first banks in the United States to avail itself of the privilege of exercising trust company powers in accordance with the Federal Reserve Act.



WESTERN STATES

Chicago

—Horace W. Hawkins, formerly secretary of the Portland (Ore.) Trust Co., is now manager of the Standard Trust and Savings Bank of this city.

—Dividends upon the stock of the First National Bank of Chicago and the First Trust and Savings Bank were declared March 30 equivalent to five and a half per cent. on the stock of

the National Bank, or at the rate of twenty-two per cent. per annum.

President Forgan's advice to the stockholders under date of March 31, reads as follows:

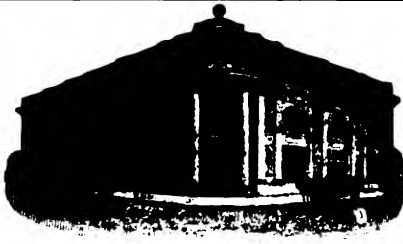
"For the past three years the earnings of the First Trust and Savings Bank have been accumulated until at this date its surplus fund equals its capital of \$5,000,000, besides which it has a substantial amount in undivided profits. The directors, feeling that the stockholders are now entitled to more liberal returns upon their investment in their allied institutions, have, therefore, decided to disburse regular quarterly dividends at the rate of twelve per cent. per annum on the capital stock of both the First National Bank and the First Trust and Savings Bank.

"Besides these regular quarterly dividends equalling eighteen per cent. per annum on the stock of the First National Bank, it is hoped that the combined earnings of the two institutions may be maintained at figures sufficient to warrant the payment of special quarterly dividends between them equal to four per cent. per annum on the stock of the First National Bank."

The net earnings of both banks for 1914 amounted to 10¾ per cent. on the average aggregate capital employed by them during the year or over 33 per cent. on the capital stock of the First National Bank. The annual report of the banks showed the stock held by 286 women, 400 men 21 firms and corporations and 76 trusteeships and estates.

Silas H. Strawn, of the law firm of Winston, Payne, Strawn & Shaw, was elected a director of the First National Bank at the meeting of the board.

—The April circular of the bond department of the National City Bank



Agencies

Write our Trust Department whenever the service of a reliable and efficient agent can save you risk, time and money in St. Louis, the south or the west.

Mississippi Valley Trust Co.

ST. LOUIS

Capital, Surplus and Profits over . . . \$8,000,000

contains a number of offerings of high-grade investment securities at prices yielding a good return.



St. Louis

—In a notice of the Boatmen's Bank, appearing on page 385 of the March number of *THE BANKERS MAGAZINE*, the officers of the bank were incorrectly given. The officers are: Edwards Whitaker, president, William H. Thomson, vice-president; C. R. Laws, vice-president; Julius W. Reinholdt, vice-president and acting cashier, and E. L. Taylor, assistant cashier.

The Boatmen's Bank was organized in 1847 on a savings bank plan, without capital, and was reorganized in 1856 with a paid-up capital of \$400,000; again reorganized in 1871 at which time a stock dividend of \$1,600,000 was paid and the capital increased to \$2,000,000. The bank now has a surplus of \$1,000,000 and undivided profits of over \$200,000. It is the oldest bank in St. Louis, and has successfully weathered every financial disturbance since 1847.

The new building of the Boatmen's Bank was described and illustrated in last month's issue of the *MAGAZINE* in the article referred to above.

—Much credit is given to Breckinridge Jones, president of the Mississippi Valley Trust Company, for

the excellent banking law just enacted in this State. It was at a meeting of the Bankers' Club here about a year ago that Mr. Jones called attention to imperfections in the law as it then existed. He introduced

BRECKINRIDGE JONES

PRESIDENT, MISSISSIPPI VALLEY TRUST COMPANY
ST. LOUIS, AND CHAIRMAN OF THE COMMISSION ON REVISION OF THE BANKING LAW OF MISSOURI

FIRST NATIONAL BANK TRUST & SAVINGS CO.

CLEVELAND, OHIO

Capital \$3,750,000.00

Deposits \$45,500,000.00

Resources over \$53,200,000.00

Our institutions offer complete banking and trust company facilities.

Our officers and directors are all successful men—well known for their experience, judgement and integrity.

Their interest in these banks extends to all who deal with them.

Large resources, perfect banking organization and equipment, and a genuine desire to be helpful are at your service.

a resolution, which was adopted, requesting the Missouri Bankers' Association to appoint a Commission to prepare the draft of a new banking act. Such a commission was later appointed, composed of the following members: Breckinridge Jones, chairman; W. I. Diffenderfer, Lebanon; W. C. Harris, president the Callaway Bank, Fulton; J. P. Huston, president Wood & Huston Bank, Marshall; W. T. Kemper, president Commerce Trust Company, Kansas City; J. T. Mitchell, State Bank Commissioner, Jefferson City; W. S. Wells, president Wells Banking Company, Platte City; George A. Mahan, Hannibal; C. O. Raine, Canton; Walter Stewart, Columbia; William F. Rankin, Tarkio; ex-Judge William N. Williams, Boonville; C. F. Wright, St. Joseph; B. F. Hargis, Kansas City; Col. Fred Gardner, St. Louis, and J. H. Himmelberger, Cape Girardeau.

In speaking of the new law, Mr. Jones said:

"The people of Missouri are to be congratulated on putting on the statute books the very best banking law of any State in the Union, with the possible exception of New York, and almost equal to that. The bill will give a system of banking equal to the Federal system. It will be a system that will enable State institutions to work hand in hand with the Federal reserve system.

"Missouri is the first of the Western States to make this splendid advance. The bill will preserve and increase the

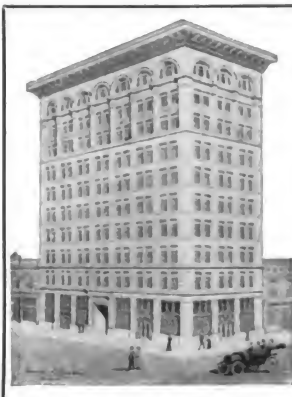
distinct advantages which St. Louis and Kansas City have as reserve centers for the Southwestern territory."

—Marvin E. Holderness, former cashier of the First Savings Bank and Trust Company of Nashville, Tenn., and prominent in civic, fraternal and social circles in that city, has been elected manager of the savings department and assistant cashier of the Third National Bank of this city.

Lately the Third National Bank installed a savings department, and it has already proved very successful.

—According to the "Times" of this city, the largest woman holder of stocks in St. Louis banks and trust companies is Mrs. F. A. Luyties, 4487 Lindell boulevard, with 1403 shares of stock in the National Bank of Commerce. In addition, she has heavy interests in the 7000 shares shown to be in the name of the Thompson Trust Company by the annual report of the assessor. The report shows about 11,500 individuals hold stock in St. Louis financial institutions receiving deposits, of which there are forty-eight. The average number of shares is small, being under forty, and only seventy-eight women and 248 men hold more than 200 shares.

The Commerce stock held personally by Mrs. Luyties, however, at the present market price is below the holdings of Mrs. Catherine M. Boland, of Clayton, widow of the late John Boland, who has 700 shares of St. Louis Union Trust, having a value of about \$252,000.



The American National Bank

SAN DIEGO, CAL.

Capital \$200,000.00
 Surplus and Undivided Profits 185,000.00
 Total Resources 2,300,000.00

J. W. SEFTON, Jr., President
 C. L. WILLIAMS, 1st Vice-Pres. L. J. RICE, Cashier
 I. ISAAC IRWIN, 2nd V.-Pres. T. C. HAMMOND, Asst. Cash.

A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

Other women with large stock holdings are:

Melanie Chaffraix, 1125 Bank of Commerce; Minna Gehner, 950 German-American; Harriet N. Ludington, 800 State National; Ida L. Gauss, 720 Mechanics-American; Grace Valle January, 714 Commerce; Bernice Morrison-Fuller, 600 Boatmen's; Christiane Laumeler, 600 German-American; Josephine H. Frost, 580 Commerce; Anna E. Linley, 555 Mechanics-American; Mary Lionberger, 550 St. Louis Union; Rosalie G. McRee, 500 Boatmen's; Mary Archer Evans, 500 Mississippi Valley; Malinda Woestman, 486 Franklin; Lora Josephine Moore, 464 Commerce; Maria J. Davis, 442 St. Louis Union; Bertha D. Bowman, 428 State National; Mary C. Hitchcock, 401 St. Louis Union; Mary Culver, 400 Boatmen's; Caroline Pope, 400 Merchants-Laclede.

The largest holder among men is Col. James Gay Butler, with 1449 shares, as principal stockholder of the Mercantile Trust Company. His stock is worth about \$478,170.

The largest individual stockholders of the principal banks are: Commerce, John A. Holmes, 1554 shares; St. Louis Union, Henry C. Haarstick, 1004; Mississippi Valley, Breckinridge Jones, 1425; Third National, George F. Baker, 500; Merchants-Laclede, D. R. Francis, 1254; Mechanics-American, James F. Ballard, 586; Lafayette, B. G. Brinkman, 700; Central National, H. P. Hiliard, 1337; German-American, Louis

Brinkworth, 872; South Side, Alfred C. F. Meyer, 700; Commonwealth Trust, Edward F. Goltra, 1010; Guardian Trust, William B. Dean, 550; State National, L. M. Rumsey, 570.



—The Commercial National Bank, Indianapolis, Ind., now occupies new quarters on the ground floor of the American Central Life Building, corner of Market street and Monument Place, the rooms having been handsomely redecorated and refitted for banking use.

The Commercial National Bank has a capital of \$300,000 and resources in excess of \$1,000,000. Besides President Downey, the officers are: Francis I. Galbraith, vice-president; H. H. Woodsmall, vice-president; W. J. Fickinger, cashier, and Henry M. Cochrane, assistant cashier.

—The First National Bank of Davenport, Iowa, which is really the very first since it got going sooner than any other bank under the National Banking system, reported on March 4: Capital, \$200,000; surplus, \$200,000; undivided profits, \$25,959; deposits, \$2,554,343; total resources, \$3,228,617.



Minneapolis

—An important bank merger took place here last month, when the First National Bank and the Security Na-

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

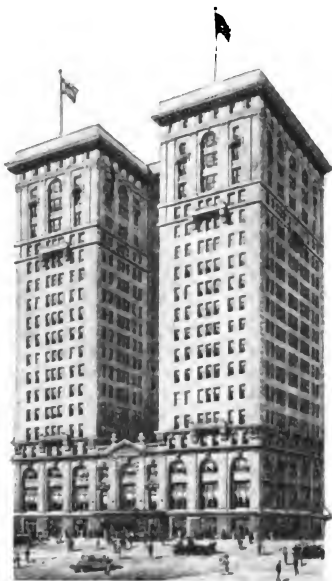
WILLIAM PRICE, President
W. O. PHILLIPS, Asst. Cashier

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Capital - - \$600,000.00
Surplus and Undivided Profits 1,533,736.15

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE



FIRST AND SECURITY NATIONAL BANK
MINNEAPOLIS

tional Bank were united in a single institution, which opened for business on March 29 as the First and Security National Bank, occupying the lower portion of the great bank and office building which the First National Bank has had under construction for some time.

This consolidation gives to Minneapolis an institution commensurate with the city's prominence as a commercial and financial center. The First and Security National Bank outranks any other bank west of Chicago in point of deposits. Its combined capital and surplus are \$11,000,000, and deposits about \$50,000,000.

In the consolidated institution F. M. Prince, former president of the First National Bank, becomes chairman of the board of directors, while F. A. Chamberlain, heretofore president of the Security National Bank, is president of the First and Security National, and A. A. Crane, J. S. Pomeroy, Perry Harrison, C. T. Jaffray and F. G. Winston, vice-presidents.

The First National Bank's history dates back for fifty-seven years, and it has been a National bank since December 12, 1864. The Security National began business in 1878, and at the time of the merger had grown to be an institution of about \$30,000,000 of deposits.

Both banks were large in point of capital, surplus and deposits, and both had long sustained a high reputation. Their union gives to Minneapolis and the Northwest a very powerful bank.

—Reports of the National banks of this city and St. Paul, as of March 4, show deposits of \$218,000,000, a gain of \$16,000,000 since last December and of \$26,000,000 since last March.

Banking and general conditions are good in the Northwest, the agricultural outlook being exceptionally favorable.



Detroit

—Bank statements may be made to contain more information than the mere figures showing the details of resources

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Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high grade,
serviceable paper for correspondence and typewriter purposes

SOLE AGENTS

F. W. ANDERSON & COMPANY

34 Beekman Street, New York

and liabilities. This is well illustrated by the statements issued by the National Bank of Commerce of this city. Its annual report to shareholders gives a concise history of the results of operations during the year, and also a comparative report of earnings for a number of previous years.

From \$79,820.75, or 10.6 per cent., in 1908, the net earnings rose to \$202,566.67, or 20.2 per cent. in 1914. And in the year covered by the last annual report, total assets increased from \$12,764,576.26 to \$15,043,432.83. Another interesting feature of the report is a list of bonds and securities owned, their par value and the value at which they are carried on the bank's books.

—Quarters have been leased by the Peninsular State Bank at Woodward and Warren avenues, Detroit, for a new branch office of the bank.



—Henry Reis, president of the Old State National Bank, Evansville, Ind., celebrated his fiftieth anniversary as a banker on March 8. Many banking and other friends sent flowers in memory of the occasion, and he received a bound volume containing 500 autograph letters of congratulations. In the evening a dinner was given Mr. Reis at the Crescent Club, and he was presented with a gold watch and chain from the directors of the bank.

President Reis entered the banking

business in 1865. He served as messenger boy, collector, office boy and night watchman before rising to clerical and official positions.

A sketch of Mr. Reis' banking career, accompanied by his portrait, appeared in the May, 1914, issue of this MAGAZINE, page 598.

—At Newton, Ill., the Newton State Bank and Trust Company was organized on February 1 to succeed the private banking business of John H. Shup & Co. This firm had been engaged in making loans for thirty-six years, and had never lost a dollar of principal or interest for any of its clients.

The officers of the Newton State Bank and Trust Company are: President, John H. Shup; vice-president, Thomas C. Wright; cashier, Walter W. Payne; assistant cashier, Paul O. Martin.

—Montana bankers will hold the annual convention of their association at Glacier Park Hotel, September 3 and 4. Mark Skinner, cashier of the Commercial Trust and Savings Bank, Great Falls, is secretary of the Montana Bankers' Association.

—Kansas bankers will hold their twenty-eighth annual convention at Independence, May 11 and 12.

—Wisconsin has 686 banks other than National, and their resources on March 4 were \$247,545,513.88, an in-

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crease of \$3,400,603.87 compared with March 4, 1914.

—As shown by its sixteenth semi-annual statement, the Commercial National Bank of Hutchinson, Kan., has \$100,000 capital, \$500,000 surplus, \$2,424 undivided profits, \$770,760 deposits, and \$1,027,185.04 total resources.

The bank was established in 1906, and prides itself on careful management and liquid assets.

A. E. Asher is president; E. T. Guymon and K. E. Sentney, vice-presidents; A. H. Suter, cashier, and J. H. Kellam, assistant cashier.

—The United States National Bank of Denver, Colo., has taken advantage of the provisions of the Federal Reserve Act empowering National banks to exercise certain trust company functions.



PACIFIC STATES

—The First National Bank of Long Beach, Cal., reported on March 4: Capital, \$200,000; surplus and profits, \$85,901.85; deposits, \$1,087,992.11; total resources, \$1,423,893.96.

H. S. McKee is president; R. D. Judkins, vice-president and cashier; E. O. Miller and C. L. Wright, assistant cashiers.

—N. B. Solner, cashier of the Union Savings and Trust Co., Seattle, since its

organization, has been elected vice-president and trust officer of the bank. It is the intention of President Hoge to begin an active campaign to increase trust company business, and the promotion of Mr. Solner is in pursuance of this policy.

—Los Angeles National banks reported on March 4 deposits of \$60,868,690, compared with \$60,454,714 on December 31, 1914.

—In its March 4 statement the Crocker National Bank of San Francisco reports: Capital, \$2,000,000; surplus and profits, \$3,101,600; deposits, \$20,453,260, and total resources, \$27,920,097.

—For the First National Bank, Calipatria, Cal., a new two-story brick and stone building will be erected, covering

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a ground area of 62x152 feet. The bank will occupy the greater portion of the ground flow.

—A merger of the Lumbermen's National Bank and the Northwestern National Bank, Portland, is reported to be pending.

—It has been decided by the directors of the Olympia, Washington, National Bank to put up a new building to cost about \$40,000.



CANADIAN NOTES

—The following changes have been made in the staff of the Bank of Toronto:

Mr. John R. Lamb, who has been manager at Winnipeg since the opening of the branch in 1905 and Western superintendent since 1911, has been appointed superintendent of branches at head office.

Mr. James A. Wood has been appointed to succeed Mr. Lamb as manager at Winnipeg.

Mr. A. H. Malton has been appointed assistant manager at Winnipeg.

—The seventy-ninth yearly general meeting of the shareholders of the Bank of British North America was held recently at the head office in London. Net profits for the year, including the amount brought forward, were £132,537. Of this sum £40,000 was appropriated to a dividend paid last October, and out of the balance a dividend of forty shillings per share was declared on April 3, leaving a balance of £34,331 to be carried forward. This dividend makes a distribution of eight per cent. for the year.

The following appropriations, from profit and loss account, were made for the benefit of the staff for the year:

Officers, widows and orphans' fund, £1,615 12s. 9d.; Pension fund, £10,789 13s. 10d.; life insurance fund, £600.

Donations amounting to £5,000 were made to the Canadian Patriotic Fund and the Canadian Red Cross Society.

Although having its head office in London, the Bank of British America is widely represented by establishments in Canada. Its paid-up capital is £1,000,000, and reserve fund, £620,000. Total of the balance-sheet as of November 30 last was £12,453,080.

—During February, says the "Financial Post of Canada," Canadian banks opened thirteen branches and closed nine. Seven of the thirteen new branches were opened by La Banque Nationale, and were principally in Quebec. All the branches opened were in that province, with the exception of one opened by the Union Bank at Essex, Ontario. Only one Quebec branch was closed, and that by La Banque Nationale at Wrightville.

The net gain is four branches, as compared with a net loss of three branches in January. The total of branches now in the entire Dominion is 2223.

—It is reported that the Colonial Bank of Canada, which will substantially be a branch of the Colonial Bank of London, intends to incorporate in Canada shortly. The bank was established in London in 1836, and has a subscribed capital of \$10,000,000, of which \$3,000,000 is paid up, and \$750,000 reserve funds. It already has a number of branches in the West Indies.

—The forty-fourth annual report of the Royal Bank of Canada not only exhibits the earnings and present position of the bank, but is also a most complete statistical record of production, commerce and finance in the Dominion of Canada. Its contents are of great practical value, and the compilation is in line with the bank's well-known policy of rendering the highest possible service to the public.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-NINTH YEAR

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An Inter-American Bank

THERE will be held at Washington the latter part of this month a Pan-American Financial Conference, whose deliberations will largely be concerned with problems of banking and finance affecting the various American nations.

No doubt some suggestion will be offered for improving the banking facilities between the United States and the Southern republics.

We have already made a beginning in this direction under the Federal Reserve Act which permits banks with \$1,000,000 capital and over to establish foreign branches, subject to the approval of the Federal Reserve Board. Already one large New York bank has taken advantage of this provision and has established branches at several principal points in Latin America.

Of course, the institution in question by its size, strength and the skill of its management is admirably fitted to serve as a foreign representative of our financial interests and to exemplify American banking standards.

But the inquiry arises whether it might not have been better instead of providing for the establishment of foreign branches of existing banks to have legislated for the creation of a bank specially formed to develop oversea trade and to strengthen our financial relations abroad.

Might not a bank organized and equipped for this special service have possessed advantages over any existing banks not so organized and equipped?

But even with this consideration thrust aside, there is, in our

opinion, a solid reason for proceeding with extreme caution in the extension of our banking relations with the Latin-American countries.

We have labored long and earnestly in promoting the development of our banking organization so that it would afford the best possible service in the foreign field, and we hope that in going into South and Central America our banking capital will do so in the most efficient manner.

Devoting ourselves for the present to a consideration of the form of such banking organization, rather than to its functions and services, we come to these conclusions:

Banking, particularly when conducted on a large scale, such as would be necessary in international transactions, assumes a most important place in the economic life of any country. If conducted by a purely outside corporation, deriving its authority from a foreign source, it is very liable to excite suspicion and arouse hostility, defeating the very end for which an international bank exists—the development of trade among the nations and the extension of financial relations.

An institution organized and owned in the United States, and controlled and managed exclusively by our own citizens, would probably be looked on in the Latin-American countries as working solely for our own interests.

Would we not render such suspicion and distrust practically impossible by inviting the banking and business interests of Latin America to join with our banking and business men in forming an Inter-American Bank, that should not be a United States bank, a Brazilian bank, nor an Argentine bank, but really what its name implies, an Inter-American Bank, organized by the capital and commerce of all the members of the Pan-American Union, and working in the interests of all?

Would not a bank deriving part of its capital and part of its personnel from each of the Latin-American nations be better fitted to serve those nations, and thus to promote the common interest by coöperative participation and management, than a gigantic bank owned and controlled by United States capitalists alone?

The time may come when the branch of a United States bank will not be welcomed in South America. We should carefully lay the foundations of our banking extension into foreign lands, so

that the business established will be permanent, and its benefits mutual.

All of which is respectfully submitted to the Pan-American Financial Conference.

IF WE SAVE MONEY WE MAY BECOME THE WORLD'S BANKERS.

THERE is just one way in which America's present growing importance in international finance may be maintained and strengthened, and that is by saving money.

Europe is compelling us, to a certain extent, to buy back our own securities held there, and the enormous balance to our credit abroad on current trading account enables us readily to absorb all the offerings, with a large amount left over. We have been able to lend considerable sums to foreign countries also. This demand for foreign loans will not only continue but may be expected to increase. Even if the war speedily closes, it will leave in its train a vast burden of debt to be provided for, so that London, Paris and Berlin will have on their hands all they can handle for a good while to come. We should be in a position to take their place as international purveyors of capital, and will be if our people all work harder and save more money.

It must not be forgotten that we shall require a large amount of funds to finance our own enterprises which have been accustomed to go abroad for loans. To meet this demand, to take back our securities from Europe, and to provide for the international financing already coming to us as a result of the war, and which is bound to come in an ever-increasing volume, we must bring about a prompt and material addition to the saving capacity of our population.

How is this to be done? The banker should lead in the work, for he best comprehends its importance. But the interest of the home, the school, the church and of the Government must be enlisted.

It is possible for every bank largely to increase its business. If the banks themselves lack the business-building equipment, they

should lose no time in getting into touch with some one of the many excellent publicity organizations, and thus get the benefit of expert advice.

The power to add legalized savings departments to National banks, conferred by the Federal Reserve Act, will alone, if properly utilized, immensely increase the country's savings. Every bank that has a savings department of any kind should make that fact known to the people. The great mutual savings banks of the East should be aroused from their slumbers, and be compelled by legislation if necessary—for they are quasi-public institutions—to tell the people something about the advantages and safeguards such banks offer. Even the Federal Government should advertise the fact that the post office offers a safe depository for those timid souls who would rather have their money in the custody of the Government at two per cent. than in the hands of a bank at three or four.

Is it not time for the various organizations of bankers throughout the country to give closer attention to united effort for developing the saving propensity of the people and increasing deposits in savings institutions?

We are not unmindful of what has been done, but it is only a beginning.

There never was a time when so much of individual benefit, of National welfare, and of incidental banking profit, could be derived from a vigorous and properly-directed campaign for the stimulation of the savings habit among the people of the United States.

FIGHTING KING ALCOHOL.

STUDENTS of international politics have been busily engaged since last July in explaining the causes and objects of the great European conflict. Naturally, one would expect these explanations to bear the bias of the particular persons making them. We should look for similar views from Russian, French and British sources, but the German and Austrian would take an entirely opposite position. As in most controversial matters, although the weight of evidence upon one side or the other may preponderate, truth is not usually the exclusive monopoly of either.

Bluntly stated, Germany appears to be contending for military, commercial and political power. The Allies seem imbued with the idea that Germany's ambition for military power threatens the security of some or all the nations now arrayed against that country, and furthermore menaces the peace of the world. That supposedly dangerous military power and ambition, they contend, must be curbed. This view undoubtedly represents an earnest conviction, as witnessed by the blood and treasure so lavishly poured out in upholding it.

What the Allies fail to perceive is that the overthrowing of one great combination of military power by another combination implies the supremacy of the latter, with the possibility of aggressiveness which not infrequently follows great victories. No doubt the Allies console themselves with the belief that their contest is for noble national ideals undimmed by the lust of power.

But if they succeed it can only be by a greater exercise of military force than that possessed by Germany and Austria. Their military prowess, in the hour of victory, will surpass that of Germany. If they exercise that superiority more wisely and humanely than Germany has done, their triumph will tend toward a reasonably permanent peace. If they do not, will the outcome of the vast struggle have any other significance than the substitution of one combination of military powers for another?

We must, of course, hope that the high ideals professed by the Allies in this mighty conflict will translate themselves into deeds of moderation, mercy and wisdom when peace comes. Their course thus far gives ground for such a hope. Under extreme provocation they have practised self-restraint. And this gives reason for belief that in the day of victory, should it finally come, they will stay the clamors of those who thirst for vengeance.

But we have said more on this phase of the subject than was intended. All outside the intense feeling and the severe suffering that the war inflicts possess but a poor equipment for understanding the position of those engaged in the combat. Anything like criticism is likely to savor of impertinence.

We started out to find, if possible, the real objective of the war. What are the embattled hosts fighting for? Each side thinks it knows, and one of them may be right. Yet, on the other hand, the

object of the conflict may not be clearly revealed until the hour of settlement comes.

One phase of the contest, however, has been rather surprising—that is the embargo which some of the contending nations have found it necessary to put upon the liquor traffic. France has tabooed absinthe, Russia has stopped the sale of vodka and other drinks, and now Great Britain seriously debates the propriety of absolute prohibition during the war.

These actions indicate that great military leaders and statesmen do not look with favor upon the use of intoxicants.

Yet there are some anomalies in the situation—the Germans, who are great consumers of beer, have thus far had the chief military success, and the victories of the abstaining Turk do not bulk large in the dispatches. We hope the brewers may not copy this statement in their advertisements, and that the champions of prohibition may not accuse this MAGAZINE of being in the employ of the liquor interests. We are not seeking to make out a case either for the moderate or immoderate use of alcoholic stimulants or for prohibition, but merely to call attention to what is certainly a most interesting phase of the great European struggle.

The Frenchman who drinks wine in moderation with his meals does not seem to have been seriously injured by so doing, and the German, who takes beer with his dinner—and probably on other occasions—displays great physical prowess. Is there something in the temperament of the German that enables him to do this? An interesting question for the scientific mind concerned with such matters. And again, why has drink made such very serious inroads upon the efficiency of British labor? And of this we are judging only from the recent drastic proposals of the British Government. Has Great Britain suffered more heavily from drink because of the climate, the characteristics of the people, or from social and industrial conditions? A condition must be serious that involves even the possibility of so radical a departure as would be the immediate adoption of prohibition in the United Kingdom.

There is, of course, a very practical lesson involved in this matter for our own country. The British Chancellor of the Exchequer has declared that his country is fighting three enemies—Germany, Austria and Turkey—but the greatest enemy of all is drink. He

has dramatically declared that drink is more to be feared by England than all the German submarines.

Now, if this be true, instead of our own people rushing ahead in the formation of military leagues for National defense, had we not better set about the task of promptly ridding the country of the liquor traffic?

If drink is more to be feared than a powerful enemy in the field, why should we wait until the moral and physical fiber of our people shall have been deteriorated, and then in the hour when we may be attacked begin frantically to attempt a curtailment of its ravages?

If Mr. Lloyd-George is correct in saying that drink is more to be feared than submarines and the enemy's hosts, can we afford to delay in taking steps to put an end to its destructive work once and for all?

Would it not be a curious outcome of the present struggle should it finally be disclosed that the real enemy against whom war has been waged was King Alcohol?

CONSERVING HUMAN LIFE

ONE gets a refreshing view of the efforts being made to care for human life in reading the account of the award to the New York Central Railroad of the E. H. Harriman Memorial Gold Medal, presented by Mrs. Harriman to the American steam railroad having the best record in Safety and Accident Prevention during the year 1914. The award was made by the American Museum of Safety upon evidence submitted by the competing railroads to the following distinguished committee:

Mr. Arthur Williams, President, American Museum of Safety; Mr. Samuel O. Dunn, Editor, *Railway Age Gazette*; Hon. Charles P. Neill, former U. S. Commissioner of Labor; Hon. Edgar E. Clark, Member, Interstate Commerce Commission, and Prof. Alexander C. Humphreys, President, Stevens Institute.

In making the presentation, Professor Fredk. R. Hutton of Columbia University, and one of the trustees of the Museum, stated

that the record of the New York Central has been remarkable in that during the past four years there has not been a single passenger fatality in a train accident, although in that time the number of passengers actually carried on its trains equalled twice the population of the United States. During the period mentioned nearly three million trains, freight and passenger, were operated.

A replica of the medal in silver was presented to the Operating Department of the New York Central and a bronze replica to Dennis J. Cassin, a retired locomotive engineer who, in the course of the lengthy service of fifty years on the New York Central, never had an accident and who, during that time, had driven many of the fastest trains on the road, among them for sixteen years the "Empire State Express."

The late Mr. E. H. Harriman was himself one of the country's great railroad men, deeply interested in the promotion of safety in travel, and Mrs. Harriman, in offering the medal referred to, is perpetuating his work.

The example of this great transportation corporation in seeking to promote the safety of its passengers is, of course, not unique. It only happens that in this particular instance it has beaten its competitors.

The standard of corporate treatment of the public and of employees has undoubtedly risen in this country in the past ten or fifteen years. Part of this advance may have been due to compulsory legislation, a great deal of it undoubtedly prompted by changed public sentiment, and no small share of it attributable to the fact that the corporations as a part of the community have participated in the general progress.

Nobody supposes that railway corporations ever took any pleasure in maiming and killing passengers—except, possibly, those who once rode on annuals—for the more passengers the railways killed, the fewer people there were left to travel, and fatal accidents were bad advertisements for the tourist traffic.

But the railways have awakened to a keener realization of their duties to the public, and are competing with one another in the rendering of safe and efficient service. The old plan of concealing accidents as much as possible, and refusing to give out any information about them, has been superseded by a policy of immediate and complete publicity just as soon as the details of an accident become

known. This creates the impression that the railway is not trying to conceal anything, but that it has the same interest as the public in promptly learning the truth.

The example of a careful regard for human life is one just now sadly needed. That a great railroad corporation should have been rewarded for its achievements in this direction is a hopeful sign. As the concern of the railroads for the preservation of human life increases, it may be hoped that the apparent determination of a good many persons to destroy the railroads may diminish.

PUSHING INTO THE FOREIGN FIELD

THUS far very few of our banks have taken advantage of the privilege of establishing branches conferred upon National banks of \$1,000,000 capital and over by the terms of the Federal Reserve Act. And even where branches are established, they will probably be confined, for a long time at least, to a single office in the principal commercial center of the country into which the American bank goes. We shall thus get gradually accustomed to foreign branches; and should the experiment prove successful, an extension of the number of them will follow.

In Cuba and other parts of the West Indies, the great chartered banks of Canada are already numerous and well entrenched in a profitable business. Branch banking is something the Canadian banks do not have to learn as do most of our institutions. The Canadian bank, having many branches in its own country, finds it an easy matter to locate branches abroad. In fact, most of these institutions are great head-office banks with abundant capital, and well equipped by experience to make a success of banking in the foreign field. That American banks will slowly develop their foreign connections may be expected, but it may be a long time before their branches become very numerous.

If hereafter in some parts of the world there should be closer competition between Canadian branch banks and those of the United States, it does not follow that the former will lose any business. By greater experience in the particular field, and with their

long familiarity with branch banking, and having large capital equipment, they may long outrival the American banks, and it may be that this fresh competition will only result in more business all round, as sometime happens where a new bank is set up in a place where but one existed before. But, at any rate, the prospect of very serious competition of the American banks with the Canadian branches in any part of the world appears remote.

NOTHING NEW UNDER THE SUN

AN archaeologist lecturing recently in Philadelphia has brought to light some facts about the ancient world which must give a rude shock to those who boast of the progress of modern times.

For example, those who are swearing off their income tax and swearing at it as an invention of Mr. Bryan and the Democratic party, may learn that in the year 6 A. D. an income tax was established in Rome on all incomes in excess of \$4,000. The statement from which this information is quoted does not say whether or not married men were allowed some exemptions, as in our present income tax law.

Professor Cobern, who makes the statement, tells us also that fashion decreed the vogue of the hobble-skirt in the time of Moses. Labor unions and shorthand reporters were numerous in the first century. Nero found three elevators essential to carry him to and from the different floors of his palace. Professor Cobern is silent as to the number of aeroplanes and automobiles kept in the imperial establishments.

There were several great monopolies in the first century, it is declared, the greatest of all being the oil business. This ancient octopus dealt in olive oil and the like. There were also monopolies in eggs, perfumes and bricks.

As to homes, Professor Cobern says he has read in manuscripts dug from ancient tombs and houses of a Roman who spent the equivalent of \$12,000,000 upon decorations for his house. Another plutocrat spent \$90,000,000 in one year. Nero on one occasion

spent \$175,000 for roses on his banquet tables. The roses were brought from Egypt.

These tales of extravagance indicate that our spendthrifts are amateurs at the game, and might as well quit it, realizing that they are cheap and hopeless imitators of long-gone adepts in the art of getting rid of money.

CONTEST BETWEEN FEDERAL AND STATE BANKING SYSTEMS

EVIDENCES are cropping out of a possible conflict between the banks operating under Federal and State authority.

This is a very ancient phase in American banking history, and liable at any time to recur under our dual banking system.

Its possibility was frequently pointed out at the time the Federal Reserve Bill was before Congress.

Conceivably, a Federal banking system might be made so good that all the banks would quickly rush into it.

The framers of the Federal Reserve Act considered it best to make the membership provision compulsory with regard to the National banks—a compulsion which it was impossible to extend so as to include the State institutions.

Even with a more attractive law than the Federal Reserve Act, this compulsory membership might have been necessary to ensure the success of the measure, because the banks are rather slow in taking up with a new system involving far-reaching changes.

The fact is that under the banking laws of a number of the States banks have more privileges than under Federal laws, and these greater liberties, generally speaking, are quite compatible with safety. In fact, the Federal Reserve Act itself seeks to confer, rather tardily it must be said, these same privileges upon National banks. And there's the rub.

This will tend to uproot the State banks from the very solid and comfortable position they have attained through long and efficient service to the community, and the National banks, with their newly-acquired functions, will undoubtedly cut into the business of the State banks and trust companies.

No doubt these two classes of institutions feel very much like talking to the Federal Government in this heart-to-heart fashion:

"You put a tax of ten per cent. on the circulating notes of the State banks and thus deprived them of one of the most valuable aids to local agriculture and commerce.

"We went ahead and did the best we could, and even without this valuable privilege have grown much faster than the National banks.

"We made loans on farm lands and helped develop the great agricultural industry of the United States, while you forbade the National banks from rendering this service to the people.

"We established savings banks and savings departments, bringing into our institutions hundreds of millions in small sums, providing the means for building homes and financing enterprise and cultivating and developing habits of thrift among the people.

"When asked if the Federal Government permitted its chartered banking institutions to perform this beneficial service, you coldly and indifferently replied, in substance, that it was neither permitted nor prohibited.

"And the trust companies took care of estates, looked after wills, and developed among themselves new sources of business reaching to vast proportions and highly profitable.

"Now, after waiting for fifty years, and seeing the great success the State banks and trust companies have made, you give to your own institution substantially the powers through whose development we have grown numerous and powerful, and virtually say to us that unless we come into your Federal Reserve System, our business shall be destroyed because you have endowed your own institutions with like powers as we have developed.

"And we can see no benefit to be gained through compliance with your threat, because we already have all the powers you can give, except the one you have steadily refused even to your own institutions—the right to issue our credit notes; and we prefer to operate under the well-understood laws of our own State, and to submit to the just regulation of our own Bank Superintendent, rather than to do business under the new, strange and complex Federal Reserve Act, and to submit to the control of a political board located in Washington."

If they should so speak, would they be in the least departing from the truth?

These views are not merely theoretical. They are intensely practical, as any one may see who reads of the contests now going on in New York and in some other States between the Federal and State banking systems.

In a somewhat lengthy consideration of the subject in our January issue, we pointed out that under the terms of the Federal Reserve Act conferring savings and trust functions upon National banks, we were approaching a complete unification of our banking system under Federal law. The developments in New York State show that the State banks are opposing that tendency.

It is interesting to watch the development of this opposition. What will be the final result—a surrender of the State banks and incorporation into the Federal system, or a vigorous fight conducted by the State banks which may lead to repeal of the Federal Reserve Act?

GETTING OUT OF TIGHT PLACES

AT the annual meeting of shareholders of the London City and Midland Bank, Sir Edward Holden, chairman and managing director, in reviewing the international financial situation brought about by the war, touched upon the effects of the crisis in this country. In speaking of the steps taken here to minimize the effects of the temporary break-down of credit, he said:

“There is no body of financiers in the world who can so rapidly extricate themselves from positions of difficulty as the American bankers.”

Sir Edward was too polite to add what is well known on this side, that they have acquired this facility by long practice.

Our rather mixed system of banking, and the absence of any piece of financial mechanism especially designed to care for the general welfare, has thrust upon the New York banks the necessity of devising what means they could to extricate the country from financial panics. Having had a great deal of practice in the frequent crises that have visited the country, they no doubt gained

some of the expertness which Sir Edward Holden attributes to them.

The functions which New York bankers long exercised as guardians of the country's banking and financial system have been partially delegated to the Federal Reserve Board at Washington. Still, they will probably find sufficient to do to keep them from growing rusty.

GUARANTY OF DEPOSITS REVIVED

OUT of the limbo of lost schemes comes a wail about the guaranty of bank deposits. At first it was announced that the Comptroller of the Currency had devised a plan to have the deposits in National banks guaranteed by some of the existing surety companies. The Comptroller promptly disclaimed any responsibility for having devised something known to have been in use for a long time.

It seems that the only basis for the revival of a plan for insuring deposits was the fact that some time ago, probably merely in the pursuance of routine duty, the Secretary of the Treasury inquired if a National bank might legally employ any part of its funds in payment of premiums for insuring its deposits. The Attorney-General found nothing in the law prohibiting such payments.

There does not appear then to be any immediate probability of the revival of the deposit-guaranty agitation. When banks contributing to a common guaranty fund for deposits are allowed to inspect and substantially to manage the banks whose deposits are guaranteed, they may relax their present opposition to the deposit-insurance idea, but hardly before.

THE BANKERS' CONVENTIONS

THIS is the season when the bankers of the country begin to assemble in their annual conventions. Besides having to discuss the matters usually occupying their attention, they will this year have to consider the operations of the Federal Reserve

Act and the startling financial events following upon the war in Europe.

These very fresh and interesting problems will add new zest to the proceedings of the various bankers' conventions. It would be instructive to have a full and frank expression of opinion from the bankers with regard to the Federal Reserve Act in its practical operations thus far. Opinions from the State banks and trust companies would be especially instructive. It is hoped that all could give an expression of their opinions without violating the second commandment.

The rise of the United States to a position of great importance in international finance and banking opens up a whole field of questions of practical concern to the bankers of the country.

No doubt the bankers who attend the conventions are already preparing to discuss these important problems in a way that will be interesting and profitable.

This fresh turn to the country's banking affairs ought to result in a largely-increased attendance at the bankers' conventions to be held throughout the United States during the coming summer and fall.



Women as Bank Clerks

EVERY bank, says the "Journal of the Institute of Bankers," London, has felt the strain upon its staff of granting leave of absence to a large proportion of its members for the purpose of joining the army or navy, and expedients of all kinds have been tried with a view to lightening the strain upon those who remain. Some banks have engaged women clerks, and Sir Edward Holden announced that the London City and Midland Bank has now 350 in its employ, and that the experiment has been "highly successful."

The question naturally arises, how far the experiment is likely to be of a purely temporary character, and whether its success will lead to its becoming a rec-

ognized feature of our banking system. It is not many years ago that the feminine element was entirely lacking in practically every bank, though during the past five years there have been few banks that have not employed women as stenographers.

It is undeniable that there are departments of a bank, especially at the larger offices, in which the work is of a character admirably suited to women workers, and no surprise need be felt if they maintain their position to some extent.

Will the Institute have to revise the clause of its constitution which defines it as "an association of gentlemen connected with the various branches of banking"?

The Rediscount and Acceptance System

By CHARLES A. CONANT, Author of "A History of Modern Banks of Issue"

REDISCOUNT UNDER THE FEDERAL RESERVE LAW

THE framers of the new monetary policy of the United States, which was embodied first in the plan of the National Monetary Commission and afterwards in the Federal Reserve Act of December 23, 1913, recognized the function of a central banking mechanism to be fundamentally that of rediscount. While certain other classes of business were permitted to the proposed central banking organism, the discount of commercial paper directly for individuals or corporations other than member banks was not among their powers. The provision of the Federal Reserve Act bearing on this subject declared that only "upon the endorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal Reserve Bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions."¹ The plan of the National Monetary Commission provided a still further safeguard to the central banking organism, in the case of paper arising out of commercial transactions running not more than four months, by requiring that it must be guaranteed by the local association of which the bank asking rediscount was required to be a member.²

In the case of acceptances, their direct discount by Federal Reserve Banks was restricted to those having at time

of discount not more than three months to run, and "indorsed by at least one member bank." The amount of such acceptances discounted was limited to "one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made." A somewhat broader power was given to Federal Reserve Banks to purchase and sell in the open market, at home or abroad, bankers' acceptances of certain types, "with or without the endorsement of a member bank." Such operations were subject, however, to "rules and regulations prescribed by the Federal Reserve Board," and it was in virtue of this authority that "bankers' acceptances" were defined by the Board in regulations issued in February, 1915.

Thus, from the beginning, competition with other banks, and especially with their own member banks, for the direct discount of commercial paper, even to the moderate extent permitted to the central banks of Europe, was excluded from the Federal Reserve system. The Federal Reserve Board, in the exercise of its powers to determine or define the character of the paper eligible for rediscount, did not attempt at the inauguration of the system to make radical changes in the practices already prevailing among American merchants and bankers. In discussing the question whether the policy should be adopted at once of discounting only bills bearing two names besides that of the discounting bank, the Board defined its position as follows:³

"Double-name paper drawn on a purchaser against an actual sale of goods

¹Federal Reserve Act, approved Dec. 23, 1913, Section 13.

²Cf. Horace White, "Money and Banking," p. 438.

³First Annual Report of Federal Reserve Board, Circular No. 13, November 10, 1914, p. 183.

affords, from the economic point of view, *prima facie* evidence of the character of the transaction from which it arose. Single-name notes, now so freely used in the United States, may represent the same kind of transactions as those bearing two names. Inasmuch, however, as the single-name paper does not show on its face the character of the transaction out of which it arose—an admitted weakness of this form of paper—it is incumbent upon each Federal Reserve Bank to insist that the character of the business and the general status of the concern supplying such paper should be carefully examined in order that the discounting bank may be certain that no single-name paper has been issued for purposes excluded by the act, such as investments of a permanent or speculative nature. Only careful inquiry on these points will render it safe and proper for a Federal Reserve Bank to consider such paper a "self-liquidating" investment at maturity."



QUALIFIED ENCOURAGEMENT OF THE EUROPEAN SYSTEM.

THE new banking system of 1914 thus entered tentatively, and in a guarded way, upon the encouragement of the European system of bills of exchange bearing two solvent signatures and capable of being converted readily into negotiable investments. It was admitted at the outset by those holding high places in the new system that only a few banks were engaged in the acceptance business, that there were practically no acceptance houses, and that, in consequence, the inducement to introduce the system of acceptances might lie in a preferential rate of discount rather than in a regulation.⁴

This view was adopted by the Federal Reserve Board in the regulations promulgated authorizing Federal Reserve

Banks to enter upon the discount and purchase of acceptances. The first regulations promulgated by the Board, on February 8, 1915, defined an acceptance as follows:

"In this regulation the term 'acceptance' is defined as a draft or bill of exchange drawn to order, having a definite maturity and payable in dollars, in the United States, the obligation to pay which has been accepted by an acknowledgment written or stamped and signed across the face of the instrument by the party on whom it is drawn; such agreement to be to the effect that the acceptor will pay at maturity according to the tenor of such draft or bill without qualifying conditions."

The designation of "bankers' acceptances" was adopted for those which had been made "by a member bank, non-member bank, trust company, or by some private banking firm, person, company, or corporation engaged in the business of accepting or discounting." It was provided that a banker's acceptance must be drawn by a concern "directly connected with the importation or exportation of the goods involved in the transaction in which the acceptance originated," and must bear on its face or be accompanied by satisfactory evidence of the fact, "that it originated in an actual bona-fide sale or consignment involving the importation or exportation of goods."⁵

It was suggested that such evidence might consist of a certificate to this effect. It was provided that bankers' acceptances other than those of member banks should be eligible for rediscount only after the acceptors "shall have agreed in writing to furnish to the Federal Reserve Banks of their respective districts, upon request, information concerning the nature of the transactions against which acceptances have been made." The aggregate of acceptances of private firms other than banks or trust companies, discounted or purchased by a Federal Reserve Bank, were limited to twenty-five per cent. of the paid-up

⁴*Vide* address of Benjamin Strong, Jr., Governor of the Federal Reserve Bank of New York, at luncheon of the Merchants' Association, November 23, 1914.

⁵Federal Reserve Board, Regulation D, Series of 1915.

capital of such bank. The policy of the preferential treatment for acceptances bearing the endorsement of member banks was thus defined by the Federal Reserve Board:

"The board believes it to be in accordance with the spirit of the act to accord preferential treatment to acceptances bearing the endorsement of member banks, offered for rediscount under section 13—even to the point of allowing lower rates for such acceptances, inasmuch as, under the terms of this section, such acceptances are available as collateral against the issue of Federal Reserve notes; and the board will sanction a slight preferential in favor of acceptances bearing the endorsement of member banks.

"When acceptances bearing the endorsement of member banks are not obtainable in adequate amount or upon satisfactory terms, Federal Reserve Banks desiring to purchase acceptances should restrict themselves, as far as possible, to such acceptances as bear some other responsible signature (other than that of the drawer and the acceptor), and preferably that of a bank or banker."



ACCEPTANCE SYSTEM NOT YET DEVELOPED

IN thus entering with moderation upon the policy of dealing in acceptances, the Federal Reserve Board justified its declaration that "the acceptance is still in its infancy in the field of American banking." Even in Europe, where the accepted bill is the standard form of paper in the discount market, acceptance is a special form of banking practised chiefly by a few houses which have had much experience in this class of business. In England, while acceptance is practised to a limited extent by the large joint-stock banks, their relation to the business is largely that of purchasers of paper which has been accepted by the discount houses. At the time of the European war, there were rumors in London accusing the banks of using "unfair discrimination against the bills of the

accepting houses, and even of attempting to drive the latter out of the accepting business and keeping it all for one another"; but these suggestions are dismissed by Mr. Withers with the declaration that "the banks have not the necessary equipment for doing a large part of the business that is handled by the accepting houses."⁶

Some of the accepting houses, known as merchant acceptors, have been the product of an evolution from direct dealings in foreign merchandise in the Orient, Africa and Latin America, into the banking side of the business. These houses, having developed a high reputation for strength and solidity, were naturally able to obtain the discount of their bills on better terms than houses which were not so strong and well known. It suggested itself to the latter to secure the acceptance of their bills by the stronger houses, paying a small commission for the added credit, which would enable them to get back their commission and a little more through being able to finance their operations more easily and cheaply than by means of their own acceptances. Merchants of first-class credit, finding that they could rent out the use of their reputation at a profit, proceeded to specialize in this class of business by examining carefully the bills put before them for acceptance, keeping well informed on the means and standing of the drawers, and giving their acceptance, for a commission, to such paper as fulfilled their requirements.⁷ Hence grew up a class of houses, still known as merchants in England, but performing functions which gave them a place in the financial world which in America would bring them under the general designation of bankers.



IMPORTANT ADVANTAGES OF REDISCOUNTS

ONE of the most important advantages accruing to the London market by the system of rediscounts is the

⁶"War and Lombard Street," p. 73.

⁷Withers, "The Meaning of Money," pp. 160-162.

flexibility given by the system to the relations of the national money market with the international market. Commercial paper which has been accepted by a banking-house of first-class rank, having an established reputation in several money markets, is recognized as a safe and marketable investment in these international markets. It can be employed, therefore, in drawing capital into the market where it is scarce and reducing surplus funds in the markets where they are abundant. If the rate of discount at London, for instance, is five per cent.—that is, if first-class commercial paper of the type referred to, which is accepted or endorsed by strong banking-houses, can be bought on an interest basis of 5 per cent.—and if at the same time the discount rate at Paris is four per cent., French banks and the French financial public will be able to invest with profit in English bills of exchange. Thus, French money, in one form or another, will go to London to relieve pressure there and bring discount rates nearer to a uniform level. The same principle applies to German, Austrian and other foreign bills. During the monetary pressure which accompanied the panic of 1907, hundreds of millions of German paper were discounted in Paris, because the rate of discount at the Bank of France remained uniform at four per cent. while in Germany it was for a time at seven per cent.

The French bankers would not buy the unendorsed notes of an English, German or Austrian merchant about whose credit they were not fully informed, but they know the value of the acceptance or the endorsement of the foreign bankers who offer and endorse this paper for sale or for rediscount. They would not buy it probably unless they knew that it could be rediscounted, with their endorsement, at their own central bank, in case they were subject to a sudden need of funds. While only a small proportion of this business reaches the central bank in time of financial tranquillity, the fact that it stands ready to aid the market by discounting liberally enables other institutions to invest freely in first-class paper.]

The absence of a discount market in New York, prior to the enactment of the Federal Reserve Act, was a serious detriment to American trade with the Orient and Latin America as well as to trade with Europe. The majority of shipments of merchandise from the United States to these countries, as well as from these countries to the United States, were financed by documentary bills drawn on European banks for acceptance. Even the limited number of acceptances granted by a few New York bankers were not readily marketable in the Orient and Latin America, because a broad market had not been established for American bills drawn in dollars.



FORMER METHODS OF FINANCING OUR FOREIGN TRADE

A TYPICAL illustration of the manner in which the foreign business of the United States was financed, prior to the war in Europe, is afforded by the case of a silk manufacturer in New Jersey, who might desire to buy raw silk in China. The purchase having been consummated by cable, the first thing done by the American purchaser would be to go to his banker in New York, lay before him a statement of the conditions of the bargain, and get the banker to issue a commercial letter of credit. Such a credit would be in the form of a letter to the London correspondent of the issuing bank, requesting him to accept the drafts of the seller of the silk in China up to a certain amount and under certain conditions. If the silk was bought on the basis of payment within four months, the credit would set forth that the drafts were to be drawn payable at four months' sight. The silk importer would send this letter of credit or cable its contents to the seller of the silk in China. The latter would then be in a position to put the silk aboard ship, receive from the steamship company a bill of lading, stating that the silk had been put aboard and was deliverable to the order of the banker in

New York who issued the credit. The shipper having thus become custodian of the bill of lading and having properly insured the goods, would be in a position to draw a draft for the cost of the silk. This draft would be drawn in pounds sterling upon the London correspondent of the American bank and would have the bill of lading, an invoice and insurance certificate attached.

The reason why London figured in the transaction was that, prior to the war, drafts on London were more readily negotiable than on any other place in the world. The shipper of the silk in China would sell the draft with attached documents to a local banker, who was usually the representative of an English colonial bank. ✓ The shipper would receive cash in local currency, thereby closing his interest in the matter. The draft would then be forwarded by the purchasing bank and presented by its representatives to the London correspondent of the New York bank which had granted the credit. It is the function of this correspondent to "accept" the draft, thereby indicating that it will be paid four months from the date of its presentment. For this service the London bank receives a commission which may be one-quarter of one per cent. for thirty days, one-half per cent. for sixty days, three-fourths of one per cent. for ninety days, and so on. Actual rates, however, usually range lower, in the case of drafts for four months, to about five-eighths of one per cent. This compensation the London banker receives for lending the use of his name and credit. He advances no money until the date for the payment of the draft, when it is the business of the New York banker, acting on behalf of the importer of the silk, to have the amount in the custody of the London banker to meet the bill.

The concentration of a vast volume of this class of business in London has been a source of great profit to London accepting houses and joint-stock banks. No money is involved until the remittance by the New York banker for final payment of the bill. The money for carrying out the transaction and out of

which the shipper in China gets immediate payment, is largely furnished by London bankers who buy the bills after their acceptance.⁸ It is, therefore, their capital which is invested directly in the operation; but the fact that such transactions are constantly taking place in London for large amounts makes it necessary for American and other foreign bankers to maintain deposits or credits in London and hence to furnish at least a part of the fund from which the profits of London bankers and acceptance houses are derived. English bills acquired the preference in international markets, partly because they were payable in gold at London and partly because of the customs and traditions which have created a broad and active market for such paper. Bills drawn on Paris in francs have a definite standing, and great efforts were put forth by the Germans prior to the European war of 1914 to extend the market for German bills. To facilitate this movement, however, it was found necessary to establish branches of the chief German banks in London, in order that they might give to their clients the advantage of drawing sterling bills and at the same time transfer the profits of such operations to the German banks at home.



FOREIGN CREDITS OPENED IN NEW YORK

OPPORTUNITY was afforded by the European war for a more rapid extension of the system of rediscount and acceptance in the United States than would probably otherwise have been the case. The appearance of several European governments as large purchasers of American supplies for carrying on the war, and the difficulty of making payments in the usual manner through bills of exchange, resulted in the opening of a number of important credits in New York. A typical case was the credit of \$25,000,000 opened on

⁸This illustration is based upon the admirable analysis of Mr. Franklin Escher, "Elements of Foreign Exchange," published by the Bankers Publishing Co., New York, 1910, pp. 143-160.

behalf of the Russian Government with Messrs. J. P. Morgan & Company. It was arranged that a syndicate of New York bankers should, among them, both accept and discount bills drawn upon the Russian Government, running for ninety days, with an option on the part of the Government for a renewal for another equal term. It was reported that, in addition to a discount rate of 5 per cent., there was a commission of one-half of one per cent., which was to be repeated in case of renewal. In order to give the bills the proper standing as investments, it was agreed that the bills discounted by any institution should be only those which had been accepted by another member of the syndicate. The notes, which were in denominations of \$10,000 and \$25,000, were discounted and paid for by checks in favor of Messrs. J. P. Morgan & Company. The whole amount of the credit was thus placed at their command to pay for supplies as they were purchased.⁹

It was thought at first that these Russian bills might prove a valuable investment for the Federal Reserve Banks, but it was found that they did not fall within the definition prescribed by the Federal Reserve Board, that a banker's acceptance must be drawn by a commercial or other concern "directly connected with the importation or exportation of the goods involved in the transactions in which the acceptance originated." If the Russian Government had arranged that the bills should have been drawn upon a banker or broker, his acceptance would have made them a suitable investment for the reserve banks under the rules laid down by the Federal Reserve Board.

The growth of the acceptance system in New York is indicated by the policy adopted by one of the largest trust companies dealing in foreign exchange, in deciding early in March, 1915, to grant acceptances against raw cotton in warehouses. Such acceptances would not fall within the classification of the Federal Reserve Board, that they should be based upon the actual importation or

exportation of goods, but the cotton was intended for export ultimately and its shipment was delayed only by the extraordinary difficulties of transportation and high rates for insurance caused by the war in Europe. Hence, the Guaranty Trust Company decided to accept the draft of shippers of cotton against the warehouse documents which usually accompanied a bill of exchange. While such acceptances could not be discounted under the Federal Reserve Act, the Guaranty Trust Company was not bound by that law and was already engaged, prior to its enactment, in the largest volume of acceptance business done in the United States. The amount of its acceptances already outstanding on December 29, 1914, including business done by its London branch, was \$54,841,300.¹⁰

Gradually, as the convenience and security of accepted paper came to be understood among American bankers, other institutions entered the field as investors, and the discount rate for the best acceptances declined. By the close of January, 1915, acceptances were being granted by three national banks in New York, by one State bank, and by eight trust companies.¹¹ The rate at which such acceptances were first discounted was from 5 to 5½ per cent., but as their quality as quickly convertible assets came to be appreciated, the rate fell by the close of January to 2¾ per cent. and by the close of March, 1915, as low as 2⅞ per cent.]

Doubts were expressed, when the Federal Reserve Act was pending in Congress, whether the American system of banking would afford an amount of paper suitable for rediscount which would be sufficient to enable member banks to obtain the aid they might need in periods of pressure. Bills of exchange had gradually fallen into disuse in American trade, and in many cases credit was granted by a banker to a manufacturer or wholesaler upon the security of his bills receivable—that is, the amount due to him by jobbers or

¹⁰"Wall Street Journal," March 31, 1915.

¹¹"Wall Street Journal," January 27, 1915.

⁹"Wall Street Journal," February 10, 1915.

retailers who had not given any negotiable acknowledgment of their indebtedness. It was contended by many merchants that it would be extremely difficult to substitute for this practice the delivery of a negotiable instrument for a fixed amount covering each particular transaction.¹² It was pointed out, however, in the testimony before the Senate Committee while the measure was pend-

¹²It is declared by Holdsworth that, "In this country, cash payments are encouraged by the granting of trade discounts considerably more favorable than bank discounts." "Money and Banking," p. 360.

ing, that it was not necessary that all the assets of a bank should be in bills of exchange or acceptances, if there existed a marginal supply of such paper available for rediscount by the Federal Reserve Banks.¹³ Such a marginal supply of paper is obviously in process of creation, and it has been found practicable, at least in certain trades, to employ bills of exchange and to convert them into negotiable instruments by securing their acceptance.

¹³Conway & Patterson, "Operation of the New Bank Act," p. 113.

The Australian Note Issue

By ONLOOKER

IN the very interesting article by Mr. Charles A. Conant on "The Field for Government Paper," published in the January number of *THE BANKERS MAGAZINE*, a reference is made to the Australian note issue, which is not correct. It is stated that beyond the amount of £7,000,000 the notes are fully covered by gold. No, the law has been amended since the act was passed, and a 25 per cent. gold holding is all that is required. For example, the return dated 15th February, 1915, shows a total issue of £23,225,243 from the treasury and a gold holding of £9,441,007, or about fifteen per cent. over the statutory limit of twenty-five per cent. A week later the figures are, issued £25,002,923; gold reserve, £10,123,668.

The Australian Notes Act came into force in 1910. It was accompanied by another act, the Bank Notes Tax Act, which imposed a tax of ten per cent. on all bank notes issued after a given

date, which of course rendered bank issues out of the question. The Australian public was accustomed to the use of paper money to the extent of about £4,000,000, and as the banks were practically prohibited from issuing their own notes, they had perforce to go to the treasury in 1910 and 1911 and exchange their gold sovereigns for notes to the extent of £4,000,000 wherewith to supplant their own issue as it came back to them in the ordinary course of business. In addition to which they had to supply notes as till money at the thousand branch banks throughout the Commonwealth.

Thus the normal issue from the treasury is about £9,500,000, of which £4,000,000 are in circulation in the hands of the public and £5,500,000 are in the tills of the banks. The treasury has by law to hold a twenty-five per cent reserve in gold to provide for redemption of the notes; it has held forty per cent. and upwards in reserve,

thus leaving sixty per cent. of £9,500,000 or £5,700,000 to invest. This surplus yields about £200,000 per annum in interest to the Commonwealth, less cost of conducting the issue, which does not run into large figures.

Look, says the Labor Party, the originators of the issue, see what large profits our socialized note issue realizes for the common good. But the Australian Note issue was the offspring of men who were entirely ignorant of monetary principles, and whose ignorance was equalled by their envy of the prosperity of the banks, whom they regarded as "bloodsuckers," and whom they imagined made large profits out of their note issues. It is therefore worth while considering for a moment from whom the £175,000 net profit made by the Commonwealth is drawn. Certainly not from the banks, for here is the statement of total amounts of net profits by the Australian trading banks since 1906:

TOTAL AMOUNT OF NET PROFITS.

1907.....	£2,352,717
1908.....	2,423,568
1909.....	2,479,414
1910.....	2,512,348
1911.....	2,759,933
1912.....	2,954,914
1913.....	3,212,676
1914.....	3,267,507

The Australian Notes Act came into operation in 1910, and the figures quoted show incontestably that wherever the profits accruing to the treasury came from they did not come from the banks. No, the truth is that before 1910 the State Governments (except Queensland) taxed the banks' issues by two per cent.—the banks were at the cost of conducting the issues and they paid the State Governments two per cent. on the amount of those issues as determined by taking the quarterly average circulation calculated from the figures in the bank abstracts of every Monday evening. Queensland conducted her own issue of Treasury notes and derived therefrom a small profit, which is now absorbed by the Commonwealth Treasury, State notes being

illegal under the Australian Notes Act. These two items account for, say, two per cent. on £4,000,000 of bank issues, and about four per cent. on £500,000, the profit formerly made by Queensland. The surplus profits earned by the Commonwealth over and above the £100,000 just accounted for come out of the pockets of the people, or perhaps I should say, that section of the people who have overdrafts at banks, because the top of the £4,000,000 issue enjoyed by the banks until 1910 constituted a restriction of the amount of loanable capital employed by the banks; and although the Australian Labor Party cannot or will not believe it, it nevertheless is a fact that when capital is restricted borrowers have to pay more for it; and when the Australian banks lost what was equivalent to a £4,000,000 deposit from the public by the Australian Notes Act, borrowers in Australia had the rate of interest on their overdrafts slightly increased owing to the alteration in the relation between borrowers and loanable capital caused thereby.

The profits made by the Commonwealth by their note issue certainly do not come down from the moon—they come out of the pockets of the States and the people; and if the Commonwealth did not earn those profits but left the gold, which they lent at interest, in the hands of the banks, the States and the people would be so much better off. It is simply a case of robbing Peter to pay Paul.



ON the outbreak of the war at the end of last July the note issue was slightly above normal, with issue from the treasury of £9,712,700, and gold reserve £4,245,730. Early in August there were signs of panic throughout Australia. To strengthen their holdings of cash (gold and notes) at their branches the officers of the banks lent £2,000,000 in gold to the treasury chief in exchange for notes, which were posted to the branches. By the end of

August all signs of panic were at an end. Consequently the notes began to filter back to Melbourne, the present seat of Government, and the banks presented them for redemption at the treasury in order to get their £2,000,000 of gold back again. But in the meantime the Commonwealth had offered help to the British Government in the form of troops to proceed to the seat of war in Europe. This is a very costly matter for a small nation of under 5,000,000 souls. Furthermore, expenditure of recent years by the Commonwealth Government (and the State Governments as well) has been on a lavishly extravagant scale. The principal revenue of the Commonwealth is derived from customs duties on imports. The imports depend on the purchasing power of the people. This in turn has of recent years been very great because of propitious seasons, high prices for Australian raw products in the markets of the world, and lavish expenditure of loan money by the Governments. Early in August the whole outlook for revenue suddenly changed. The season promised to be as it has since proved to be, one of the driest and worst on record. The falling off in production is enormous. Then the market for wool was cut off, and the prospect of continuing lavish expenditures of loan money seemed remote. Consequently it was easy to foresee a great falling off in revenue for the Commonwealth at the very time when inflated expenditure had to be largely added to by the cost of expeditionary forces to Europe. So the Government was very unwilling to return to the banks the £2,000,000 extra gold lodged in the treasury owing to the war panic. Where there is a will there will be found a way. The treasury refused to pay gold to the banks for notes, although private citizens may still present notes at the treasury and receive gold for them. Thus the Labor Government boasts that the note issue is still convertible, but the public are not generally aware of the fact that the banks who hold in their safes far and away the bulk of the issues, cannot get gold for them. To

explain this anomaly requires a separate paragraph.



DURING the discussion regarding the Australian Notes Bill, prior to the passing of this act, it was duly pointed out to the Labor Party that their device of obtaining a forced loan by the issue of notes had this fundamental defect as compared with bank issue of notes, that it destroyed the quality of elasticity. In the great banking crisis of 1893 it was the act that proclaimed bank notes legal tender, for the time, that saved the great banks of Australia and put an end to the crisis. Under the Australian Notes Act the currency of the country cannot be increased when required because a note can only be obtained by giving a sovereign for it. The point was too abstract and technical to be comprehended by labor politicians at the time, but in August last with a great world crisis threatening to engulf Australia, the point became of great moment. The banks have vast liabilities, about one-half payable at call; they had about twenty-five per cent. of gold and notes wherewith to meet those liabilities, but this proportion was the average of all the banks, not the actual holdings of some which were much less. There seemed likely to be heavy demands made on them, and the Australian Notes Act, by the Government interfering in a trade which they did not understand, had deprived the banks of their issues and of the recognized safety-valve in time of crisis, the ability to increase the currency available to meet liabilities by proclaiming bank notes legal tender. Meetings between representatives of the banks and of the Government and opposition were hastily summoned, and after abortive efforts at an agreement, an arrangement was at last come to whereby the Commonwealth Government agreed to advance Australian notes to any bank requiring them on a lodgment of one-third of the amount in gold, the deposit to be at such rate of interest and for such time as the Commonwealth treasurer

might determine; also, any one or more of the States requiring to borrow capital might obtain same in the form of Australian notes by lodging one-fourth of the amount at the treasury in gold. The responsibility for this scheme is generally attributed to a prominent member of the Legislative Council of the State of Victoria, who is regarded as a financial expert. He was at first very proud of the scheme until it dawned upon him that if the States availed of it—and two of them commenced to do so at once—they must draw upon the banks for the one-quarter deposit of gold, the banks being the only depositaries of gold from whom it could be obtained; and as the only use of notes would be to pay them in to the banks so as to create in their books credit against which the States could draw cheques, the inevitable consequence would be to deplete the banks of their gold and to swamp them with notes. Then the father of the scheme became as anxious to have it annulled as he before had been to have it promulgated. Happily, the Premier of New South Wales was a sound money man with common sense and he poured unmingled contempt upon this “wild cat scheme of financing the States by borrowing notes from the Commonwealth Government,” as he deservedly described it. The scheme was only availed of by two of the States and only for a limited amount. One or two banks are alleged to have made application for advances of notes on the basis of one-third gold lodged at the treasury, and it was the advances made to the one or two banks that the Prime Minister of the Commonwealth used as an excuse for refusing to give gold for notes to all the banks, thus creating the extraordinary position of a note issue convertible to the citizens of Melbourne, but inconvertible to the banks of Australia.



AS illustrative of the very poor knowledge of the principles of monetary science even amongst the

authorities of Australia, it should be recorded that when the emergency issue to the banks was under discussion the rate of interest on the advances of emergency notes on a one-third gold basis came up for consideration, and the almost unanimous decision was that it should be four per cent. The average overdraft in Australia ranges from six to 6½ per cent. There was an emergency issue of currency suggested, a fictitious creation of currency to enable the banks to meet their liabilities in a prospective crisis; every sound monetary principle required the emergency issue to be at such a high rate of interest as to ensure that it would only be availed of to meet pressing liabilities or the prospect of them, and not to provide capital which might be used at a profit; every sound monetary principle demanded that the rate of interest should be so high and unprofitable as to drive out of use the fictitious currency the moment the acute need for it had passed. But to the discredit of those who should have been well informed on such a simple and elementary point, the Australian authorities advocated a four per cent. rate on the emergency issue.

During September, October and November the Commonwealth authorities inflated currency by some £4,000,000 by paying notes in to the credit of Government accounts at banks (but without requiring the twenty-five per cent. gold deposit previously referred to) thus creating credit in the books of the banks against which the Commonwealth and States drew their cheques in payment of purchases of commodities or services. This increased the figures of the note issue to £16,365,936 with gold holding of £7,016,216 by the end of November, and to £19,831,417 and £7,987,526, respectively, by the end of December.



UP to October settlement between banks at the clearing-houses throughout Australia was made in gold. When notes became increasingly in evi-

dence the bankers determined to permit settlement in notes instead of gold. One consequence of this change was not foreseen by those who advocated it. To explain this matter it must be mentioned that the Labor Party in Australia, noting the immense profits made by the trade of banking, desired to participate in them and founded the Commonwealth Bank, a unique institution in that it has not one pound of paid-up capital. All Commonwealth Government accounts are of course kept at this bank. Now it is the Commonwealth accounts that are in need of replenishment to find the money being advanced to the States by the Commonwealth and to meet the heavy expenditure—far in excess of revenue. Consequently it is to the Commonwealth public accounts that notes are chiefly paid in to create credit. Against this credit the Commonwealth draws its cheques, which are circulated amongst all the other banks throughout Australia and through the exchange against the Commonwealth Bank. Had settlement of exchanges in gold been maintained it would have been impossible for the Commonwealth Bank to continue the creation of fictitious credit by receiving paper money from the government, because its gold would have been drained dry. Consequently the trading bankers' plan of settling exchanges in notes has played into the hands of the Government and of the Commonwealth Bank and to the detriment of the trading banks upon whom are passed the exclusive issues of paper money.

During December a further cause contributing to still further increase of the note issue began to operate. During October Mr. Andrew Fisher, Prime Minister of the Commonwealth, announced that he had arranged with the banks (other than the Commonwealth Bank) to exchange £10,000,000 Australian notes for the bank's gold of the same amount.

The reason advanced for this exchange was to meet the cost of the expeditionary force going to Europe. The Labor Party in Australia had always expressed its horror of borrowing

money, but now they were in favor and had to face unforeseen and great war expenditure which could not possibly be raised from revenue only. Mr. Fisher said he was not going to offer a force to Britain and then ask London to lend the money to pay the cost thereof. (Subsequently circumstances compelled him to depart from his principles because the British Government agreed to advance Australia and he agreed to accept £18,000,000 to pay the cost of the war expenses.) But in October Mr. Fisher desired to avoid borrowing and he hinted that he hoped the banks would particularly agree to his exchange proposal and thus obviate any necessity for compulsory legislation. The Prime Minister appears to have had very uncertain ideas as to his demand for gold. For example, although he at first said that it was to pay the expenses of the expeditionary force, he subsequently denied this, because, as stated, the British Government arranged to advance Australia £18,000,000 to pay these expenses. Then Mr. Fisher, in Parliament, said the £10,000,000 were to assist the States and to strengthen the gold reserves against the note issue. He also at first stipulated that the banks were to regard the £10,000,000 notes as the bottom strata of the banks' reserves, and not to be used by them. When the opposition protested against any such reservation, he said the banks might use the notes but they were not to be presented at the treasury for gold. When it was pointed out to him that if the banks used the notes, i.e., issued them, it was impossible for them to guarantee that they would not be presented at the treasury, Mr. Fisher could only say that that was the banks' business—that they must undertake that the notes would not be presented, that they might use them in their business, but they must see to it that they were not presented. In this indefinite position the matter was left.

No doubt, after discussion, the banks consented to exchange £\$10,000,000 of their gold for £10,000,000 of notes. The question at once is suggested—why did the banks not demand interest-bearing

ing securities instead of non-interest-bearing notes? This is very difficult to answer. Possibly they did not realize that the transaction would unquestionably tend to make the balance of trade unfavorable to Australia. The bad season, the dislocated wool market, the absence of wheat and flour for export, the probability of having to import wheat for consumption, the difficulties regarding freight for meats, all made it a matter of certainty that Australian exports would fall away at a far greater rate than imports could be curtailed. Australia is a debtor country and has to pay about £15,000,000 per annum to London for interest, profits, commissions, etc. These facts and probabilities make it certain that in the near future all the banks would be wanting credit in London. Had they exchanged their gold for interest-bearing debentures they would have received securities salable in London to provide, in case of need, the credit they would require there, instead of which, by accepting notes, and not interest-bearing securities, for their £10,000,000 gold, the banks not only lost the £400,000 per annum, the hire value of their gold, but they (perhaps unwittingly) increased the spending power of the community at a time when it should have been restricted; and thereby they assisted to increase the unfavorable trade balance of Australia, the effects of which will be felt later on. Possibly the banks may have been influenced by the thought that they might have to meet heavy drains upon them by their depositors, in which case they could pay their liabilities with notes. But such an argument could only be advanced by one who did not recognize that with an inconvertible paper currency obtainable in case of need in practicably unlimited quantities (three notes for one sovereign), any exceptional demands on the banks would not be for notes in Australia, they would be for gold in London—for which latter purpose the notes are absolutely useless. Another possible argument for preferring notes to debentures might be that if the former were taken by the banks there would be no need

to restrict the accommodation they could grant to their overdraft customers; if the latter were taken they would have to restrict accommodation. But one who argued this must evidently think he could lend his gold to the Commonwealth and still have the same purchasing power in his safes.

Under this agreement the Commonwealth is receiving £1,000,000 gold per month and the banks are receiving £1,000,000 notes per month. By 22nd February, 1915, three monthly exchanges had been made and the issue was reported on that date as follows, Notes issued, £25,002,923; gold reserve, £10,123,668. A further £7,000,000 exchange has yet to be made, in addition to which the Commonwealth has undertaken to lend the States £18,000,000 from some unnamed source, and it has to provide £2,500,000 for an anticipated deficiency of revenue under expenditure this year. These figures indicate to what extent the note issue may gain during the next six or nine months, and when the smallness of the population is considered—under 5,000,000—the gravity of the situation can be understood.



DURING the first six months the Commonwealth was in a somewhat similar position to the United States of America in 1862, a falling revenue and an abnormally increasing expenditure owing to war. Like the States at that date the Australian politicians and bankers had to make choice as to the means of financing the country, by honest, sound means, increased taxation and borrowing at interest; or by easy but unsound methods of issuing legal-tender money. In both cases the easy and unsound method was chosen rather than the difficult but sound method. In the long run Australia will find, as the United States found, that when a country sins economically it has to pay for it; that in the long run far more suffering and hardship are imposed on the people by unsound financing than would have been caused had right methods been entered into at the commencement.

For any trouble that Australia may suffer through it note issue, candid and competent critics will not fail to allocate a large share of this blame to those experts who should have advised the Government wisely but did not, who should have known the principles of sound money but did not.

Early in August Professor R. F. Irvine, of Sydney University, recommended the Government, per the "Sydney Morning Herald," to ignore the views of "those conservative stalwarts who maintain a masterly inactivity or content themselves with a vain repetition of obsolete doctrines," and to issue money in this emergency of the situation.

Mr. W. M. Hughes, Attorney-General for Australia, and the intellectual leader of the Labor Party, published a manifesto on "prudent and sensible finance," which closed with the following words:

"It only remains for the Governments of Australia—Federal and States—to recognize the necessity for a bold and comprehensive policy to utilize the Note Issue Act to any extent the circumstances may demand."

Mr. G. S. Beeby, a prominent politician, wrote in the Sydney "Morning Herald" that there could be no depreciation of the Australian Note Issue, "because the public know that the Government possesses assets, not necessarily in gold, in excess of the total note issue."

The Melbourne "Age," in a leading article on September 13 last, denounced those who warned the nation "that

Labor intended to play havoc with the note issue and that it is a menace to the nation." Those who thus "try and terrify the people—without a shred of justifying evidence—impute the most wicked and malignant motives to the Labor Government."

The first signs of depreciation manifested themselves as early as October, when a difference in price was quoted for London exchange, those who were willing to pay in gold purchasing it from 2s 6d to 7s 6d per cent. less than the price asked for it in paper. This depreciation, however, is not generally known or recognized, nor has it become accentuated as the months have passed. The reason for this is that the summer months are the times when Australian exports are at their maximum, and furthermore the credit created in London by the Imperial war loan of £18,000,000 to Australia has prevented the depreciation becoming more marked. It is when exports slacken off and when the credit referred to is exhausted that the professors, bankers and politicians of Australia are likely to learn by hard experience some of the elementary facts of monetary science.

Following is a statement of the Australian note issue month by month since war was proclaimed:

			Gold reserve
July 30, 1914.....	£9,712,700		£4,245,730
Aug. 27, ".....	11,812,762		6,345,792
Sept. 30, ".....	13,066,966		6,567,496
Oct. 30, ".....	14,117,169		6,663,698
Nov. 25, ".....	16,365,936		7,016,916
Dec. 29, ".....	19,831,417		7,987,526
Jan. 17, 1915.....	22,512,753		9,008,518
Feb. 22, ".....	25,002,923		10,123,668



Illinois Bankers Endorse Pan-American Conference.

SECRETARY of the Treasury McAdoo has received a telegram from the administrative committee of the Illinois Bankers' Association endorsing the Pan-American financial conference, called at the instance of the Secretary of the Treasury, to meet in Washington beginning May 24.

The committee "believes closer rela-

tions will undoubtedly result of substantial benefit to the prosperity of the American republics, and it also approves the action of the foreign trade committee of the association in endeavoring to secure support for the principle of co-operation between the banking and business interests in foreign trade, as this seems essential to its successful development."

Increased Powers and Added Sources of Profit for National Banks

UNDER the Federal Reserve Act national banks may be empowered by the Federal Reserve Board to add to their ordinary banking privileges the functions of a trust company where permissible under state laws.

The Act also authorizes national banks to conduct a savings bank business.

These enlargements of the powers of the national banks will make it possible for these institutions to add largely to their present business and to increase their profits.

Believing that suggestions from men of experience in trust company and savings bank work would be of practical helpfulness to national banks wishing to add either a trust company or savings department or both to their institutions, articles dealing with these departments have been procured and are published below.

The author of the article on "Exercise of Trust Powers by National Banks" is Clay Herrick, for many years associated with the Cleveland Trust Company, Cleveland, Ohio, author of "Trust Companies: Their Organization, Growth and Management," and a recognized authority on all matters relating to these institutions.

The paper on "Savings Departments in National Banks Under the Federal Reserve Act" was prepared by Wm. H. Kniffin, Jr., former Secretary of the Savings Bank Section of the American Bankers' Association, a savings bank officer of many years' experience, and a well-known savings bank expert.

EDITOR BANKERS MAGAZINE.

EXERCISE OF TRUST POWERS BY NATIONAL BANKS

By CLAY HERRICK

ON February 15, 1915, the Federal Reserve Board issued a circular under the heading "National Banks as Executors and Trustees," prescribing the regulations under which national banks may exercise the trust functions authorized by paragraph k of section 11 of the Federal Reserve Act.

The circular has called attention anew to this provision of the act, and has aroused widespread interest among all classes of bankers.

The trust company man sees the probability that his peculiar field is to be invaded by others; the national banker recognizes an opportunity materially to increase the volume and earnings of his business; and the State banker wonders whether he is to be left out in the new allotment of authorized functions.

Already a number of national banks have obtained permission to undertake trust functions, and on behalf of trust companies the question has been raised as to the constitutionality of this provision of the Federal Reserve Act as it affects the powers of the State governments. At this writing it is understood that a definite effort is being made to obtain a ruling by the Supreme Court in the matter.



CONDITIONAL GRANT OF NEW POWERS

THE original Act and the present regulations grant authority to exercise trust functions only so far as their exercise is not in contravention of State laws; a limitation which is of

course necessary in view of the powers of the States to legislate on the subject.

As a large number of the States restrict the exercise of trust powers to trust companies organized under the State laws and under the jurisdiction of the State Banking Departments, national banks in these States will be unable to take up this line of business until the State laws are so amended as to give them the necessary authority. Legislation to this end has already been introduced in a number of States, and in some cases has already been enacted into law. In some States, notably New York, concerted action has been taken by the trust companies to prevent such legislation.

It is beyond the purpose of the present article to enter into a discussion of the question whether, from the economic standpoint, it is desirable that trust and commercial banking functions be combined in the same institution.

Whatever practical value may once have attached to such a discussion is now largely removed by reason of the fact that many States have passed laws which authorize companies combining the functions of trust companies and of commercial banks and many such combined companies are now doing business. Indeed, the trend of legislation during the past decade has been toward wiping out the distinctions formerly existing between the bank and the trust company. No new banking principle is involved, therefore, in the extension of trust powers to national banks; the present difference between the business of a national bank and of a commercial State bank being negligible.



A PROMISING FIELD

TO national banks in those States whose laws permit the undertaking by them of trust business there is offered a new field which in many cases is exceedingly promising.

The success of trust companies in all

parts of the country has demonstrated that the business is profitable and that it meets a need which is not wholly cared for by the old-time bank. This need will doubtless increase as the people learn more thoroughly the unquestionable superiority of the corporate trustee over the individual trustee.

An institution performing the functions of a bank and of a trust company is able to care for all the financial and fiduciary needs of the community, and its sources of revenue are of course increased accordingly. The various departments develop business for one another, and increase the clientele of the institution as a whole.

An important feature of trust business is the stability which it brings to the institution. Trust business is usually longtime business; the administration of trust funds extends over a series of years; the volume of business, once established, does not ebb and flow with the seasons, but is constant. It is steady and dependable.

A word of caution to those not familiar with the business is, however, perhaps not out of place. Under ordinary conditions, trust business builds up slowly. In this respect it takes on some of the aspects of a profession, in which clientage depends upon the establishment of a reputation for skill and fidelity in the handling of duties undertaken. It is also true that such business is not usually very profitable until its volume has become considerable. The fees are as moderate as those of individuals for like services; and at the same time the corporate trustee renders larger services for a given fee than does the ordinary individual, because the cost of a bond is dispensed with and the skill and experience of the management make unnecessary, for ordinary purposes, the employment of special counsel.

Attractive as the field undoubtedly is from the general viewpoint, the advisability of any particular bank entering upon it must of course depend upon the particular circumstances—the size of the community and the amount of trust business probably available,

the number and strength of competitors, etc.

In small towns in which the national bank is the only banking institution, it is quite conceivable that the establishment of a trust department by such bank may forestall the setting up of a rival trust company and provide one good institution to meet all the financial needs of a community which could not properly support two banks.



PROCEDURE

THE procedure necessary to obtain permission from the Federal Reserve Board to exercise trust functions is explained in the regulations of the board above mentioned, which are printed in full at the end of this article, together with the forms prescribed for the application.

The first step necessary is a resolution of the board of directors of the bank authorizing an application for a permit to assume the desired functions. A copy of this resolution, certified by the president or vice-president of the bank, is to be forwarded to the Chairman of the Board of Directors of the Federal Reserve Bank of the district in which the bank is located.

After conferring with his board and with counsel as to the legality of the exercise of the powers under the laws of the State, he is to forward the application, with his recommendations, to the Federal Reserve Board, which grants or refuses a permit. This permit grants authority to exercise the powers enumerated, "in so far as they are not in contravention of the laws of the State of —."



PREPARATION FOR THE DEPARTMENT

THE regulations require that the trust business be conducted as a separate department, whose offices, records, funds, securities and invest-

ments shall be kept separate and distinct from those of the bank itself. These provisions are in harmony with State laws regarding the trust departments of trust companies, and also in harmony with custom and good judgment.

Just what arrangements will be necessary in the way of re-arrangement of office space or the obtaining of additional space, will depend upon present office conditions and upon the volume of business likely to be available at the start. There will be need of office space for the officer in charge, working space for the bookkeepers and clerks, desks, counter space, vaults for securities and for records, etc.

The selection of the officer to have charge of the department is a matter of importance, for much will depend upon his efficiency. He should be a man familiar with the work to be done, and if he lacks legal training he will need ready access to a competent attorney.



CHARACTER OF THE WORK

APPPLICATION may be made for permission to undertake any or all of the following lines of work:

- (a) Trustee of personal trusts.
- (b) Trustee of corporate trusts.
- (c) Administrator of personal estates.
- (d) Executor of wills.
- (e) Registrar of stocks.
- (f) Registrar of bonds.

If all these functions are undertaken, the work will be of two general kinds. That undertaken for individuals and that undertaken for corporations.

Trust companies having a large volume of business often divide their trust departments into two divisions for the handling of these two somewhat different lines of work.

Many national banks already carry on a considerable amount of trust work for corporations, and for them this part of the work will not be new.

It will presumably include such duties

as acting as trustee under a mortgage or trust deed securing an issue of bonds, the custody and management of sinking funds, the payment of coupons, fiscal and financial agent for municipal or other corporations, agent for syndicate managers, and voting trusts, depository of cash and securities, registrar of stocks and bonds, trustee under reorganizations, etc.

For individuals the duties will be those of acting as administrator of estates, executor of wills, trustee under wills, or agent or trustee under private agreements.

The possible variety of trusteeships under private agreement is very great and may include, among others, the management of real or personal property for women, for professional men, for absentee property owners, for persons prevented by age or illness from looking after their own affairs, or from persons who for any reason wish to delegate the management of their business affairs; the investment or reinvestment of funds, collection and distribution of interest, coupons, dividends, annuities, pensions, rent; the custody and collection of notes, accounts, land contracts, mortgages, bonds; the care, rental, repair, insuring, sale, purchase of realty; the management of funds under living trusts; the handling of escrows.



FORMS AND RECORDS REQUIRED

THE forms and records necessary at the start will depend somewhat on the volume and variety of business in sight, but certain general records will be needed in any event.

The first of these is the register of trusts, in which are noted the name, character and terms of each trust as received. A general journal and a general ledger will be needed to contain summaries or controlling accounts showing the totals of the separate trusts.

If the department is separated into two divisions, separate general records may be carried for each division.

For each individual trust a separate double-entry set of books must be carried, the most convenient plan being the use of loose-leaf records, by means of which a number of sets of accounts may be carried in the same binder. It is essential to carefully separate items of income, of principal and of investments, and the last-named are usually subdivided into such classes as stocks, bonds, mortgages, real estate, etc. Separate records are kept of the securities in each trust, and an index of securities shows all that are held in the department. Special forms are used for statements of accounts which must be made from time to time to beneficiaries or to the courts. Vouchers for payments must be submitted in statements to courts, and are used for all payments on trust accounts. If a considerable amount of real estate is handled for trusts, there will be need of indices of properties and of tenants, rent books, insurance records, etc. Each division of the department will, of course, need a tickler, and there should be a daily report showing not only the financial condition of the department, but also total securities on hand, new trusts received, trusts closed, important distributions made, etc.

For corporate trusts the particular records needed, in addition to the general records, will, of course, depend somewhat on the business acquired.

For trusteeships under bond issues, record is necessary of the essential provisions of the trust deed, bonds received, certified, delivered, paid, cancelled, cremated. Ordinarily records will be needed for the payment of coupons and of dividends. Registrarships will require stock registers and stock ledgers, stock transfer books, etc. Miscellaneous duties as fiscal agent, depository, etc., will require records of cash or securities received and distributions made.

For many of these records specially-ruled forms are provided if the volume of business is large, but for most purposes a few forms of columnar-ruled ledger sheets may be made to answer the purpose. In all accounting in the

trust department it is important to bear in mind that the business is being handled in trust for others, and that the records must contain data from which complete and accurate reports may be rendered.

Following is the text of the circular of the Federal Reserve Board relating to application for permits to do trust business:

NATIONAL BANKS AS EXECUTORS AND TRUSTEES.

(Circular No. 10, Series of 1915, February 15, 1915.)

The Federal Reserve Board is empowered by paragraph k of section 11 of the Federal Reserve Act to grant by special permit to national banks the right to act as trustee, executor, administrator, or registrar of stocks and bonds where the exercise of such powers is not in contravention of state laws. In the exercise of such power, the board issues herewith Regulation H covering such special permits.

The board will from time to time modify and supplement its regulations on this subject as experience may dictate.

CHARLES S. HAMLIN,
Governor.

H. PARKER WILLIS,
Secretary.

NATIONAL BANKS AS EXECUTORS AND TRUSTEES. (Regulation H, Series of 1915, February 15, 1915.)

I.

Statutory Provisions.

The Federal Reserve Act provides:

"Section 11. The Federal Reserve Board shall be authorized and empowered:

"(k) To grant by special permit to National Banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds, under such rules and regulations as the said board may prescribe."

II.

Applications.

1. A national bank desiring to exercise any or all of the privileges authorized by section 11, subsection (k), of the Federal Reserve Act, shall make application to the Federal Reserve Board on a form approved by said board (form No. 61). Such application shall be forwarded by the applying bank to the chairman of the board of directors of the Federal Reserve Bank of its district, and shall thereupon be transmitted to the Federal Reserve Board with his recommendations.

2. There shall be attached to each application a statement of the character and extent of the privileges which the applying bank desires to exercise under the following headings:

- (a) Trustee of personal trusts.
- (b) Trustee of corporate trusts.
- (c) Administrator of personal estates.
- (d) Executor of wills.
- (e) Registrar of stocks.
- (f) Registrar of bonds.

3. Each applicant shall upon request, furnish copies of the laws of the state in which it is located bearing upon the exercise of such powers in force at the time application is made.

III.

Separate Departments.

Every national bank permitted to act under this section shall establish a separate (Add 7b and 7c).

trust department, and shall place such department under the management of an officer or officers, whose duties shall be prescribed by the board of directors of the bank.

IV.

Provision for Keeping Trust Funds.

The funds, securities, and investments held in each trust shall be held separate and distinct from the general funds and securities of the bank, and separate and distinct one from another. The ledgers and other books kept for the trust department shall be entirely separate and apart from the other books and records of the bank.

V.

Examinations.

Examiners appointed by the Comptroller of the Currency or designated by the Federal Reserve Board will hereafter be instructed to make thorough and complete audits of the cash, securities, accounts and investments of the trust departments of every bank at the same time that examination is made of the banking department.

VI.

Conformity With State Laws.

Nothing in these regulations shall be construed to give a national bank doing business as trustee, executor, administrator, or registrar of stocks and bonds under section 11 (k) of the Federal Reserve Act any rights or privileges in contravention of the laws of the State in which the bank is located.

VII.

Revocation of Permits.

The Federal Reserve Board reserves the right to revoke permits granted under these

regulations in any case where in the opinion of the board a bank has wilfully violated the provisions of these regulations or the laws of any State relating to the operations of such bank when acting as trustee, executor, administrator, or registrar of stocks and bonds.

ever, that no such change shall prejudice obligations undertaken in good faith under regulations in effect at the time the obligation was assumed.

CHARLES S. HAMLIN,
Governor.

H. PARKER WILLIS,
Secretary.

VIII.

Changes in Rules.

These regulations are subject to change by the Federal Reserve Board; provided, how-

Following are the forms provided for use in making applications under the above regulations:

Form No. 61.

NOTE.—This application should be returned to the Federal Reserve Board through the Chairman of the Board of Directors of the Federal Reserve Bank of your district.

District No.

APPLICATION OF NATIONAL BANK

TO ACT AS TRUSTEE, EXECUTOR, ADMINISTRATOR, OR REGISTRAR OF STOCKS AND BONDS
UNDER SECTION 11 (k) OF THE FEDERAL RESERVE ACT.

At a meeting of the Board of Directors of the
(Name of bank.)

of , duly called and held on the day of , 191
(City or town and State.)
the following resolution was offered, seconded, and adopted:

"Whereas it is the sense of this meeting that application should be made on behalf of this Association to the Federal Reserve Board for a permit to act as

as provided in Section 11 (k) of the Federal Reserve Act,
(Trustee, executor, administrator, registrar of stocks and bonds.)

"Now, therefore, be it resolved, that the president or vice president and the cashier or secretary of this Association be and they are hereby authorized, empowered and directed to make application to the Federal Reserve Board for a permit giving to this Association the right to act as or to exercise as many of these powers as the Federal Reserve Board may allow, under such rules and regulations as the Federal Reserve Board may prescribe."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by the Board of Directors of this Association on the date specified.

.....
Secretary or Cashier.

..... of
(Name of bank.) (City or town.)

Pursuant to the foregoing resolution, the
(Name of bank.)

of , hereby makes application for a permit to act as or to exercise as many of these powers as the Federal Reserve Board may allow

In compliance with the regulations prescribed by the Federal Reserve Board, an exhibit, stating in detail the character and extent of the privileges which this bank desires to undertake, is attached to and made a part of this application.

(SEAL OF BANK.) of

By
President or Vice President.

ATTEST:

.....
Secretary or Cashier

To the FEDERAL RESERVE BOARD,
Washington, D. C.

7-700

CERTIFICATE OF COUNSEL.

I,, Counsel for the Federal Reserve Bank of, do hereby certify that in my opinion the following rights herein applied for, namely may be legally exercised by this bank under the laws of the State of
(State in which bank is located.)
 with the permission of the Federal Reserve Board.

....., *Counsel.*

RECOMMENDATION OF BOARD OF DIRECTORS.

The Board of Directors of the Federal Reserve Bank of has examined the foregoing application, together with the exhibits made a part thereof, and recommends that the Federal Reserve Board $\left\{ \begin{array}{l} \text{grant} \\ \text{refuse} \end{array} \right\}$ a permit to this bank to act as

....., *Chairman,*
For the Board of Directors.

(If refusal of permit is recommended, please submit reasons.)

CERTIFICATE OF APPROVAL.

The foregoing application has been approved by the Federal Reserve Board in so far as it relates to the exercise of the powers of, and the of is hereby permitted to exercise such powers in so far as they are not in contravention of the laws of the State of such powers to be subject to the regulations of this Board relating to National Banks acting as trustee, executor, administrator, and registrar of stocks and bonds under Section 11 (k) of the Federal Reserve Act.

2-7901

.....
Secretary, Federal Reserve Board.

SAVINGS DEPARTMENTS IN NATIONAL BANKS UNDER THE FEDERAL RESERVE ACT

By WM. H. KNIFFIN, JR.

IN-SO-FAR as banking possibilities are concerned, the individuals of a community divide themselves into three groups: (1) Merchants and business men who are as a rule adequately supplied with banking facilities; (2) salaried men and others with private interests large enough to demand banking accommodations; and (3) those, such as wageearners and others, who have no need of or great use for the checking account, being on a cash basis but who are essentially savings depositors.

The savings depositors may further be classified into: (1) Those who are adequately served by the ordinary savings bank account, where the pass-book must be presented at every transaction, and where personal visitation is necessary in order to withdraw funds; and (2) those who are of the savings class, and who have money idle temporarily or permanently, and who would best be served by a semi-savings account with checking privileges.

There are many people who would gladly avail themselves of savings bank facilities, but who are averse to presenting the pass-book in person at every withdrawal, and to whom time is an element. These can best be accommodated by a limited checking account, which is a cross between the regular bank account and the savings account; an active savings account, or an inactive checking account.



THE BANKER'S OBLIGATIONS

THE bank of discount has among its many obligations two of primary importance: First, its duty to its stock-

holders, which is to return to its proprietors the largest return on the capital investment consistent with sound policies; and, second, its duty to the community, which is: (a) To provide a safe depository for the working capital and the savings funds of the individuals composing the community; (b) to make loans and discounts up to the full extent of the demands made upon it, refusing no worthy borrower his application for credit; (c) to extend its checking facilities to the utmost; (d) to encourage thrift in the individual and in the community.

The banker should not forget that he operates a credit machine; that a dollar in his hands is worth four in the pocket; that with one in cash he can lend four in credit. This fact is too often lost sight of, but unconsciously practiced. And with money as a foundation, the banker can build a credit structure, based thereon, four times the size of the base.

And another fact that should not be overlooked is that the savings deposits are cash deposits and not credit funds. They are as a rule small in their individual units, but large in the aggregate, and steady in their inflow. Therefore the banker who would serve his community, the individuals and himself must cultivate well this inviting field, making it easy and preferable for the people to patronize his savings department.



THE bank that would fulfill its largest service must therefore draw to itself every available dollar in the community, and in so doing it serves itself, the individual and the community. It

serves itself in that as the funds grow larger the profits increase. The fixed charges do not expand with the increase of deposits, and the larger the volume of business the bank can do on the present expense, the larger will be the resultant profit. Therefore profits accrue to the stockholders in proportion to the deposits attracted.

There is in the hands of the people a vast amount of free money, floating funds. It is necessary that every individual carry with him a certain amount of ready money for current uses; and there must be cash in the pocket or in the home for these daily needs; but the man who carries with him, or has hidden away somewhere, more than immediate needs require, is doing harm to the bank in depriving it of cash for the foundation of the credit structure; harm to the community in preventing the rearing and expansion of the credit structure, and harm to himself in depriving himself of the protection of its vaults, the profit of its interest payments and the freedom from worry and loss that must attend individualistic safeguarding of money.

Where a savings bank is in operation in the community, aggressive and well managed, popular with the people by virtue of its atmosphere of good will and helpfulness, it may be a question of ethics if the bank of discount ought to invade the field; but there are thousands of communities with no savings bank or anything savoring of a thrift agency, where the bank of discount has a free field, and rightfully so. But a condition and not a theory confronts us, and the savings department, the interest department, or by whatever name it may be called, is here to stay. And it should.



THE SAVINGS BANK HAS NO MONOPOLY.

IN caring for the thrift funds of the community the savings bank at one time had quite a monopoly; but of late

years the savings department has been constantly growing in favor, so that the mutual savings banks now hold scarcely half these thrift accumulations.

Under the old régime the savings department in national banks existed only by sufferance of the Comptroller of the Currency. It had no sanction in the National Bank Act, but is now recognized as part of banking operations by the Federal Reserve Act. Banks have, everywhere and from time out of mind, issued certificates of deposit for dormant money; but the savings department as such, issuing pass-books and operating along savings bank lines, is a recent development. The certificate of deposit was a mere incident in the day's business, while the savings account in some places is often a prominent feature.



OPPORTUNITIES OF PROFIT.

THE profit in savings banking lies largely in the lack of reserve requirements, making close investment possible. With ninety-five cents out of every dollar invested at some rate, and the only idle money being in the vaults, and this only nominal, fair profits may be realized even with the income on securities at a low figure. And if the banker can so treat his savings obligations as to make them subject to the minimum reserve he will have a distinctly profitable line of business.

Heretofore the law generally did not distinguish between time and demand deposits in respect to reserve requirements; but as the lawmakers are coming to realize the difference in the nature of the two, a lesser reserve is required for the time than for the demand.

The Federal Reserve Act recognizes this distinction, and provides a reserve of five per cent. against time deposits and from twelve to eighteen per cent. on those payable on demand.

SAVINGS DEPOSITS UNDER THE
FEDERAL RESERVE ACT.

THE authority to receive savings deposits under the Federal Reserve Act is found in Section 19, which reads:

"Demand deposits within the meaning of this act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days; and all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment."

At first sight it would seem that the member banks could work on the theory that all savings accounts are time deposits, due to the notice of withdrawal, which makes the savings deposit an optional time deposit; but the ruling of the Federal Reserve Board of January 15 last negatives such an idea. The Board says:

"It was clearly not the intention of the Act to permit a reduction of reserve to five per cent. upon deposits which may ordinarily be checked upon, but in respect to which a bank, by a blanket provision in its by-laws, may at any time require withdrawal notice of not less than thirty days to be given. The reduction of the reserve to be carried against time deposits is intended to apply only to deposits under written agreement not to be withdrawn within thirty days from the date as of which the reserve calculation is made. Therefore, on the date of calculating reserve, under the definition contained in the accompanying regulation, no deposit may be deemed a time deposit, whether on open account or on certificate; (a) If it is payable within thirty days, because of the approaching end of a specified period for which it was deposited or because of receipt of notice of the date on which withdrawal will be made; (b) if it may be withdrawn by check within thirty days, although the bank may have the right, by written contract or otherwise, to require a withdrawal notice of not less than thirty days.

"Nor may any certificate of deposit be considered a time certificate if any part of the amount represented by it is

subject to check or may be withdrawn without the presentation of the certificate for proper endorsement.

"While savings accounts may at any time, by the action of the bank, be converted into time deposits, they are, nevertheless, ordinarily withdrawable on demand. In the absence of any statutory limitation upon the sum which may be received by a bank from any one individual as a savings account, the Board has no authority, for the purpose of calculating reserves, to impose any such limitation, but it feels strongly that in the interest of both the member banks and the Federal Reserve System, the broad provisions of the Act in respect to time deposits, savings accounts, and certificates of deposit, should not be made the means of any large general reduction of reserves by a transfer to those forms of deposits which are in substance demand deposits; and it is the purpose of the Board to countenance or permit a reduction of reserves to five per cent. *only* on deposits which are, in fact as well as in form, entitled to such reduction within the spirit of the Act.

"Banks carrying savings accounts must record them in separate ledgers which do not contain ordinary checking accounts or other items. Open time accounts and time certificates of deposit should also be carried in separate ledgers, but if carried in the same ledger with current checking accounts they must be grouped together so as to be readily distinguished from the latter.

"The Board desires to make it clear that the act requires the full reserve, at the rate prescribed for demand deposits, to be carried against all savings accounts and all time deposits whether on open account or certificate, which are subject to check or which the bank has been notified are to be withdrawn within thirty days."

The Board defines time deposits, open accounts, as follows:

"The term 'time deposits, open accounts' shall be held to include all accounts, not evidenced by certificates of deposit or savings pass-books, in respect to which a written contract is entered into with the depositor at the time the

deposit is made that neither the whole nor any part of such deposit may be withdrawn by check or otherwise except on a given date or on written notice given by the depositor a certain specified number of days in advance, in no case less than thirty days.

"Savings accounts' shall be held to include those accounts of the bank in respect to which, by its printed regulations, *accepted by the depositor at the time the account is opened*—

"(a) The pass-book, certificate, or other similar form of receipt must be presented to the bank whenever a deposit or withdrawal is made; and

"(b) The depositor may at any time be required by the bank to give notice of an intended withdrawal not less than thirty days before a withdrawal is made.

"A 'time certificate of deposit' is defined as an instrument evidencing the deposit with a bank, either with or without interest, of a certain sum specified on the face of the certificate, payable in whole or in part to the depositor or on his order—

"(a) On a certain date, specified on the certificate, not less than thirty days after the date of the deposit, or

"(b) After the lapse of a certain specified time subsequent to the date of the certificate, in no case less than thirty days, or

"(c) Upon written notice given a certain specified number of days, not less than thirty days before the date of repayment, and

"(d) In all cases only upon presentation of the certificate at each withdrawal for proper endorsement or surrender."

Obviously the Board intends to require the full reserve on all savings deposits against which notice of withdrawal has been lodged, not less than thirty days; and on all time deposits for the thirty days prior to their maturity. It further requires that the savings account be evidenced by a pass-book or other similar instrument, in which are printed the rules of the bank governing the deposit, which rules are the terms of the contract of deposit, if accepted by the depositor.

One of these rules should therefore

be that the bank will ordinarily pay on demand, but it reserves the right to require thirty days' notice on all withdrawals, and the depositor by accepting the book agrees to such terms and to the notice.

Therefore, upon savings accounts, as savings accounts are ordinarily known, the reserve is five per cent. until notice of withdrawal has been filed, and for the thirty days elapsing between such notice and payment the reserve must be the same as on demand deposits.

The Board makes it clear that it does not look with favor on any scheme to transfer demand deposits to savings or time deposits for the sake of the lesser reserve. And any shifting of accounts will not be countenanced.

It follows that if a bank wishes to carry the lesser reserve on its savings accounts, it must not allow checks to be drawn on such accounts, but require the presentation of the pass-book, and must make each account subject to at least thirty days notice of withdrawal. As soon as notice is filed (which will probably only operate in cases of unrest and a run on the bank) the reserve must be at the maximum figure.

As a result, the bank has an added profit which accrues from the use of the funds represented by accounts which conform to the ruling of the Board as to what constitutes savings deposits, inasmuch as the reserve on this class of accounts is but five per cent. against twelve per cent. for the demand deposits, leaving a margin of seven per cent. in favor of the savings account. But the compliance with the rules of the Board is essential.



SUGGESTED RULES AND REGULATIONS.

UPON making the first deposit the depositor must subscribe to these rules and regulations, and the act of signing the signature-card constitutes such subscription; and the retaining of the book will be held a full assent thereto and agreement to be bound by the said rules, and others that may from time to

time be added thereto, or amendments thereof regularly made. If the deposit is not made in person, then the issuance of the book in the depositor's name will be held to be such assent, unless the same is promptly returned and the deposit withdrawn.

Deposits will be received in sums of from one dollar and upwards, but no balance of less than one dollar will be allowed.

All deposits shall be regularly entered on this book, which book shall be the depositor's voucher for the amount to his credit in the bank; but the amount stated as due thereon in the balance column is for the convenience of the depositor only and is not to be regarded as an account stated until the book has been written up by the bookkeeper and initialed. No assignment will be recognized either in whole or in part until the bank shall have had notice in writing of said assignment.

Books should be presented at least yearly for the entry of interest.

Accounts on which no deposit or withdrawal has been made for a period of ten years shall be deemed inactive, and no further interest shall be credited thereto. But the presentation of the book for the entry of interest shall defeat the operation of this rule, and the period shall date from the last entry of interest or the last deposit or withdrawal.

Any checks for deposit shall be received subject to collection and at the depositor's risk, and every depositor shall be deemed an indorser upon all checks so deposited and the bank reserves the right to charge back uncollected checks, and the depositor hereby waives notice of protest on all such items.

As a rule all deposits will be paid upon demand, but the bank reserves the right to demand thirty days' notice on all withdrawals, and for the purpose of complying with the requirements of the Federal Reserve Act and rulings of the Federal Reserve Board, such notice is hereby assented to and made part of this contract.

Withdrawals may be made personally, or by order in writing, or by letters of attorney. All payments made to persons presenting the pass-book, with or without order purporting to be signed by the depositor whose name appears thereon shall be good and valid payments to the depositor and fully discharge the bank.

Upon the decease of the depositor payment will be made to the duly authorized representative, except in cases of small balances where the bank reserves the right to make special rules as the case may require in order not to work hardship upon the depositor; but such provision is not to be considered an agreement.

In case of lost books the bank will require affidavit of loss, advertisement of the loss of the book for one week in a paper designated by it, and in special instances may require bond of indemnity.

Deposits will draw interest from the first of each month, if the deposit shall be made on or before the third business day of that month, and remain in the bank until the close of the dividend period, December 31 and June 30.

Deposits made on or before the tenth business day of January and July will draw interest from the first of those months respectively. Thus: deposits made before January 13 and remaining until June 30 will have six months' interest credited; deposits made on or before February 3 and remaining until June 30 will have five months' interest credited; deposits made on or before March 3 and remaining until June 30 will have four months' interest credited, etc.

Interest not withdrawn will be added to the principal.



THE BOOKKEEPING OF THE SAVINGS ACCOUNT.

THE course of a new deposit from the issuance of the pass-book to the final checking on the ledger will indicate the bookkeeping system, which system will answer until the accounts

number over 2,000, when a slightly different plan should be used, but essentially the same.

Upon opening an account, the depositor signs the signature-card, giving also his identification information, which should be: Age, birthday, father's and mother's name, birthplace, occupation and residence. The book is then made out, and deposit ticket prepared. The ticket is then copied on a deposit journal, made in loose-leaf form, giving the number, name and, skipping a column, the amount. When cash is balanced for the day, the stub is torn off. The postings are made from the ticket to the card-ledger account. On the next day the items are entered on the sheet in the column left vacant on the day before, so that in checking all that clerk has as a guide is the number and name. He enters what he finds posted on that account under that date. When postings are complete, the amount must tally with the stub previously torn off. This insures getting the right amount on the right account. Withdrawals are treated the same way, being entered on withdrawal sheets similarly ruled, but of a different color.

The cash is balanced by taking the total deposits and subtracting the withdrawals. The teller might, for convenience, run a scratcher, entering only the number and amount, debit and credit, for proving purposes.

When the accounts number over two thousand, they should be grouped into sections of 1,000 each, and a journal sheet operated for each group.

The supplies necessary are: Pass-books, signature-cards, index for names (cards), journal sheets (binders), de-

posit slips, withdrawal slips, card ledger.

In cases of illiterates, the finger-print system should be used. The prints may be taken on the back of the card, or on a card prepared for the purpose.

To comply with the ruling of the Federal Reserve Board, the savings accounts should be kept separate. A controlling account should be run in the general ledger, the receipts and payments each day being carried to it, and with which the trial balance must agree.



THE ADVERTISING.

THE advertising should be dignified, yet attractive; educational, but not stereotyped; fresh and with frequent changes. The medium should be the newspaper, supplemented by booklets, follow-up letters, and folders. Programmes, society functions, gifts, and all sorts of advertising novelties should be avoided. The advertising matter should start somewhere and get somewhere. It should attract, interest and lead to action. It should bring either an inquiry or a person, and having done either, it has accomplished its mission. Moreover, in this the bank has an endless topic to talk about, namely, thrift, and this is a timely subject, always of interest to all, inexhaustible in its possibilities and intensely practical in its application. You may not be able to talk about your bank week in and week out and keep the matter interesting, but you can talk about thrift for years and still leave a lot unsaid.



The Riggs Bank Controversy

AN event of an unusual character in banking was the filing in Washington on April 12 of a suit by the Riggs National Bank of that city against the Comptroller of the Currency, Secretary of the Treasury and the Treasurer of the United States, asking

for an injunction against these officials to restrain them from certain acts deemed harmful to the bank. A statement has been issued by the Comptroller of the Currency criticising certain methods said to be practiced by the bank.

Progressive Banking

By JOHN CLAUSEN, Manager Foreign Department, the Crocker National Bank of San Francisco

THE Federal Reserve Act, which was signed by the President on December 23, 1913, and has since become operative by the opening on November 16, 1914, of the Federal Reserve Banks, has indeed become a powerful force behind the business machinery of our country, and while it may contain possibilities of abuse and misdirected efforts, as a whole it is felt that banks and general business will be benefited in that through able and harmonious action on the part of our financial organizations we will be in position more adequately to meet the growing demands of international commerce; and, if our expectations come true, prevent our periodical panics with their demoralizing effect and cessation of business.

The question is not now of vital importance whether twelve reserve centers or only one will bring about the desired result, and whether the Government or the Federal Reserve Bank should effect the note issue and thereby provide a more elastic circulating medium to better meet the growing demands of our commerce, and it should therefore be the aim of all member banks to lend their support to the new institutions which, no doubt, eventually will work out to the benefit of all concerned.



BANKS MUST ORGANIZE FOR WIDER SERVICE

IT is necessary, however, for the enterprising banker and business man to move quickly and conform with new conditions in reorganizing former systems to cope advantageously with the present possibilities of broader and better banking. There are many reasons why the country banker, particularly, should enter upon a broader field of

operations, as time alone will prove with what vigorous efforts the larger banks throughout the country will enter into competition by means of the added facilities afforded them by the Federal Reserve Act.

Every financial institution—the small country bank as also the large city bank—will therefore readily appreciate the advantage, if not the necessity, of systematically shaping its organization so as to make a more modern banking system.

The world's commerce is financed almost in its entirety by bills of exchange, which, in turn, act as an index to the value of money. Increased trade—both domestic and foreign—very logically brings about a corresponding increase in credits, and while it may be comparatively easy to create credit, it is often a difficult matter to protect it. The Federal Reserve Bank, with its large holdings of gold and lawful money, can very effectively find employment for its resources in fostering and rendering assistance in financing our trade, as also in the creation of a broader market in foreign centers for American bank credit, and in the recognition of the United States dollar acceptance.

There is therefore an attractive and wide field for operations, and it need hardly be urged that the support of the Federal Reserve Bank in that direction would prove an invaluable help to the member banks, our commerce, and the country at large.

The power of a bank to accept a draft or bill of exchange enables it to make use of and to sell its credit, for a consideration, and so lend for legitimate use in trade vast sums without depleting its reserve or impairing its capability to make additional loans and advances to its clients.

The business of banking, under the

present law and sphere of activity, therefore embraces principally the function of collecting loanable capital and extending credits, which latter function it is not easy to overestimate in its advantages to commerce and civilization.

A merchant, for instance, instead of borrowing cash on a note from his banker, may arrange (for a stipulated commission charge) to use the bank's credit for a certain length of time and a given amount. To make use of such facilities a time-draft may be issued against the bank, which, in turn, gives the required acceptance. After this requisite has been secured the merchant is in position either to use the bill of exchange in the settlement of his trade obligations, or sell same through a bill broker in the open market and so obtain available cash.

Then, again, a merchant buying goods at home or in foreign countries may arrange with his banker to finance such importations by virtue of what is termed a "commercial credit," which authorizes drafts, at sight or a long term, against the bank or the client.

Or, again, a merchant selling goods to customers—at home or abroad—may draw direct against the buyer instead of on his banker, and such acceptances bearing responsible signatures (drawer, endorser and acceptor) are readily negotiable with banks and bill brokers.

Under the terms of the new Federal

Reserve Act a member bank is, under certain conditions, permitted to accept bills of exchange, and if later required, negotiate and offer such acceptances for re-discount with the Federal Reserve Banks in the respective districts.

The matter of a ready discount market, comparing favorably with prevailing conditions in financial centers abroad, is worthy of very serious consideration, and while this feature in the Federal Reserve Act may, in the main, be regarded as in the nature of a safety measure, it is hoped that the financial assistance which will be extended in this direction to both banks and private interests will redound to the ultimate good of all.

While we cannot hope to see the New York or San Francisco bill of exchange take the place of the well and favorably known bill on London, Hamburg or Paris, recent events and the dislocation of the financial structure in Europe have at least brought the possibility before the commercial world, thereby tending in that direction to equalize the power of competing with Europe.

Just as the Bank of England is the center of the financial system in Great Britain, so is the Reichsbank in Germany, the Banque de France in France, and what it is hoped the Federal Reserve Bank eventually will be in the United States of America.



Going of a Grouch

BANK tellers are now all Sunny Jims, according to Mr. Gere of the Salt Springs National Bank, Syracuse, N. Y. In a recent talk on "The Paying Teller's Department," made at the meeting of Syracuse Chapter of the American Institute of Banking, he said that the day of the old-time grouch behind the bank teller's window is fast passing.

"And this chapter will mean his final death blow here in Syracuse," added the speaker. Among other things Mr. Gere said:

"In my estimation the most important duty of the teller is the holding of the bank's customers. He is placed in a position nearer to the average depositor than any other officer or employe in the bank and a great deal depends upon how he handles people."

Mr. Gere suggested that a course in handling customers would not be a loss to members of the chapter, teaching the bank men how to hold the good will of depositors through efficient service, personality and the many ways which go to make up a good counter man.

Short Cuts and Time-Savers in Savings Bank Work

By FRANK H. WILLIAMS, Assistant Treasurer, Albany City Savings Institution, Albany, N. Y.

IN these days of efficiency and economy, when the earnings of a bank depend as much upon the expenditures as on the receipts, it is time for the manager of the clerical force of a bank to look around for unnecessary detail and antiquated methods that have outlived their usefulness, and substitute a modern system and up-to-date time-saving methods. Instead of paying more salaries for additional clerks, the same number of clerks can, with a few short cuts, do the work of an extra man or two in the same length of time and without much added exertion.



THE MORNING MAIL

IN the matter of handling the incoming mail in the morning, much time can be saved if, when the mail is sorted for personal letters, etc., the envelopes containing the pass-books, which can easily be distinguished by size or special envelope, be thrown aside and kept separate from the officers' mail. It will also help the mailing clerks if the outside envelope is kept with the pass-book contained in it; for many times depositors will fail to send their addresses, and if a change has been made since the last mailing, the postmark on the envelope will assist the clerk in returning the book properly addressed and save delay in delivery.



ACKNOWLEDGEMENT OF DEPOSITS RECEIVED BY MAIL

WHEN acknowledging receipt of a deposit, instead of dictating and having a letter typewritten for each

deposit, a printed form (See Form 1) will answer the same purpose; and if an indelible pencil be used, a very distinct carbon copy can be made, which will save copying in a letter copy book or other device. These forms are made in a cheaply bound book, the duplicates being kept for about a year and then thrown away. If a letter is lost or mis-sent the necessary records for tracing can be obtained by ascertaining the date of the transaction on the ledger or ledger card and immediately locating the letter under that date.



OPENING ACCOUNTS

IF the teller at the new account window will have the new depositor write his name on the signature card and then copy it on the deposit slip instead of asking for the name, it will obviate the necessity of spelling each name aloud, especially where a name may be pronounced the same yet spelled in a number of different ways and each one be correct, such as Edith, Edythe or Reilly, Riley, etc.

A loose-leaf signature book is also of great assistance if the bank uses the book system. A few sheets can be attached to a blotter or card-board and easily passed through the wicket and thus save the teller from handling a heavy, cumbersome book. When a sheet is full, it can be transferred to the binder which can be made to expand as large as desirable. Some banks use both the card and book system, taking two signatures at the time the account is opened, using the card for ready reference. When the account is closed,

INCORPORATED 1880

The Albany City Savings Institution

JOHN E. WALKER, PRESIDENT

GEORGE H. THACHER,

JAMES W. COX,

WILLIAM S. HACKETT, TREASURER

FRANK M. WILLIAMS, ASST. TREASURER

Albany, N. Y. Mar. 19 1915.

Mr. James L. Saver
Orangetown, N. Y.

Your favor of the 18th received containing Check for \$500.00 which amount we place to the credit of account No. 25973, and herewith return pass-book as requested.

Yours truly,

WM. S. HACKETT,

Treasurer.

FORM 1

the card is destroyed, the book being kept as a permanent record.



WITHDRAWALS AND CLOSING ACCOUNTS

THERE seems to be no good reason why the amount withdrawn should be written out in the pass-book after making the entry in figures and bringing down the balance. The receipt signed by the depositor is sufficient evidence and no one is likely to raise the amount in the pass-book. Many banks are adopting this scheme, which is a great time-saver especially on busy days.

When an account is closed, the paying teller usually compares the signature

with the one on file and when doing so can easily remove the signature card and file it away with the pass-book. This will save the clerk who finally files the books from searching out these cards and will keep the file free of dead-wood.



CARD LEDGERS

THE card ledger system, which is meeting with much favor among bankers, will not be discussed at length in this article except to say that experience has shown, with possibly one exception, where the system is in use it has proven a great time-saver in every respect and the bad dream of "suppose you lose a card" which is in-

Mar. 20, 1915.

Number	Credits	/	Total
22452	40		
586	300		
675	650		
980	41125		75775
23241	70		
672	40680		
965	200		67680
			143455

Mar. 22, 1915.

Number	Credits	/	Total
71200	61		
1136	4250		
581	201		30450
22308	25		
672	50		75
23462	100		
971	5		
973	700		805
			118450

FORM 2

variably used as an argument against it, disappears after a few weeks of operation.

Probably the best precaution against losing or misplacing a card is to provide each clerk who has access to the cards with a block marker. These blocks are painted a different color for each clerk and small enough to be carried in the pocket, so that when a card is removed from the drawer the block is dropped in the space and when the card is returned the block is removed. In this way there is no possibility of misplacing a card.

Out of 140 mutual savings banks in New York State, forty-two are now using the card system for accounts ranging in number from 3000 to 115,000.



LISTING THE DEPOSIT AND WITHDRAWAL SLIPS

WHEN the deposit and withdrawal slips are turned over to the bookkeepers at the end of the day for entering numerically in a cash book or debit and credit books, as they are sometimes called, to be checked back to the postings on the ledger or cards, a good short cut is to eliminate the names

and enter only the numbers and amounts. The names are of no earthly use in these books and require an enormous amount of time to copy them. The permanent record is the deposit and withdrawal slip and if the posting is done otherwise than from the cash books the names may properly be left out.

These books may be of loose-leaf sheets (See Form 2), which are easy to handle and can be filed away in binder when the clerks are through with them.



TAX RECORDS

THE mortgage clerk will find a convenient system of checking up taxes on property covered by the bank's mortgages in the use of a card index. These cards will contain number of mortgage, location of property, owner's name, and address, date when various taxes are due and when paid. (See Form 3). The cards may be filed according to ward numbers in large cities and in such form are identical with the records as kept in the city treasurer's office. The out-of-town cards can be kept separate and arranged as to cities and towns. A double index should be

No. **1433**

TAX RECORD

Premises 426 Main St. Albany, N.Y.
 Owners Name John Smith
 Address 265 East St. City.

	DATE WHEN DUE	DATE WHEN PAID				
		1914	1915	1916	1917	1918
Water Tax	Jan. 1.	2/26	3/25			
City "	Jan. 1.	2/26	3/25			
County "						
School "						
Village "						
Town "						
State "	3					

kept, and as all the taxes for the year are paid, the card can be transferred to the section of paid cards.



MECHANICAL TIME-SAVERS.

THERE are any number of time-saving machines on the market, but they will not be discussed at length in this article. The adding machine is probably the foremost of mechanical devices and is becoming more useful and efficient every day. Many banks are also using the Protectograph Check Writer for writing their checks and to protect them from being raised, the Addressograph for circular advertising and for mortgage notices and receipts, the Automatic Change Machine for the teller's desk, the Multigraph for print-

ing various forms of letters, circulars, etc., and numerous other machines of every description.

Every banker has probably been approached at some time or other by a salesman from the business house, introducing these machines, and each one can best judge whether or not the device will be a benefit or a detriment to his own particular bank.

Bookkeeping systems and methods of proving cash and taking the trial balance of the individual accounts are so numerous and varied that they will not be touched upon as to short cuts, for a time-saving method of one system will not be of any use whatever in another. A safe rule to follow in all systems is to do your work the least number of times possible and still have a complete record. Do not duplicate unless absolutely necessary.



Bankers and Jitneys

THE following from the Omaha "World-Herald" is very interesting, only we never said anything whatever about the managers of large financial institutions in Philadelphia sitting up nights on account of the jitneys:

"If one is to judge from articles in THE BANKERS MAGAZINE several large financial institutions in New York and Philadelphia are getting somewhat excited over the jitney busses. Their institutions are largely interested in street car securities. There seem to be two opinions entertained. One is that a movement should be started to tax the jitneys, make them take out licenses and provide insurance for passengers and pedestrians who may be injured by them. The others hold that there is no occasion for alarm, that an automobile cannot carry passengers for five cents

and make a profit and that soon they will disappear.

"On the jitney side of the question there is plenty of financial backing. The great automobile companies see in this jitney move the chance to sell hundreds of cars that they could not otherwise dispose of, and they will back the jitney with their influence. They say that all great forward movements entail the scrapping of old machinery, sometimes at very great cost, but the world cannot move onward without such sacrifices. It is held by some of the disputants that the jitney will only take the water out of the street railway stocks and that they will continue to operate at a profit when they get down to straight business—that the jitneys will take off the strap hangers only and the other passengers will continue to patronize the street cars. There is a big contest on hand and no one can tell how it will end."

Banking and Commercial Law

LEADING DECISIONS

Assignment of Savings Account

NEW YORK.

Rule Limiting Payments to Depositors Presenting Pass Book in Person.

Supreme Court, Appellate Term, 1st Department, January 7, 1915.

BANK OF UNITED STATES VS. PUBLIC BANK OF NEW YORK CITY.

A bank may pass reasonable rules regulating its relation to the depositors, but since it still remains a debtor of the depositor, the debt may be assigned, and if the assignment is properly established, title to the account passes to the assignee.

Even though a bank has a rule providing that withdrawals can only be made in person, it cannot prevent the debt being assigned.



APPEAL from Municipal Court, Borough of Manhattan, Second District.

Action by the Bank of United States against the Public Bank of New York City. Judgment for defendant, and plaintiff appeals. Reversed, and judgment directed for plaintiff.



STATEMENT OF FACT AND OPINION.

LEHMAN, J.: The plaintiff has received from one Bernard Schreiber an assignment of Schreiber's deposit account in the defendant's bank. Schreiber's deposit account was evidenced by a passbook, which contains a statement that:

"This account is opened with the Public Bank of New York in accordance with the following rules and regulations: The passbook shall be the voucher of the depositor, and must always be presented at the bank when depositing or withdrawing money. Deposits of any sum from one dollar upwards will be received payable on demand, and may be withdrawn by the depositor at any time without giving notice. * * * Every effort will be made to protect depositors against fraud, but payments made to a person presenting a passbook shall be good and valid on account of the owner, unless the passbook has been lost and notice in writing given to the cashier of the bank before such payment is made. When a passbook has been lost, the bank shall prescribe the conditions on which a new passbook may be issued. * * * In all cases of where the whole amount of money is withdrawn, the passbook must be surrendered. The foregoing conditions between the depositors and the bank may be changed by the bank at any time by notice posted in the banking room. * * * Acceptance of the book shall be considered an assent to these rules and regulations."

The plaintiff presented the assignment, the bank book, and a draft for the full amount of Schreiber's account to the defendant bank, and payment thereof was refused. The plaintiff thereupon commenced this action. It is not disputed that Schreiber executed the draft and assignment, and that he delivered the draft, assignment and passbook to the plaintiff; but the defendant claims that the depositor was bound to present the draft in person, because the defendant bank had made a rule

that "drafts on those accounts where the passbook is the voucher of the depositor will be honored only when presented with the passbook by the depositor in person," and had posted the rule in the banking room. The learned trial justice has held that this rule was a reasonable rule, and was binding upon the depositor and his assigns and consequently gave judgment for the defendant.

The plaintiff now claims that the defendant bank is not a savings bank and can pass no such regulation, because the only statute giving a bank power to pass regulations governing the payment of sums deposited is contained in section 143 of the Banking Law, which refers only to savings banks. It seems unnecessary in this case for us to decide now whether the Legislature could have intended to restrict any bank from passing such rules and regulations as would be reasonable, in view of the nature of the business and the particular conditions governing its relation to its depositors.

The defendant bank received the deposits subject to certain rules and regulations. The depositor accepted as the voucher of his account a book which expressly provided that the conditions on which the account was received could be changed. Both parties voluntarily made this contract. The depositor could have refrained from making the deposit, if he had not approved of the conditions on which it was received, and he could withdraw his deposit if he was not satisfied with the conditions on which it was retained. So long, however, as the relation of bank and depositor was continued, he was bound by his contract to observe the bank's reasonable rules and regulations, regardless of whether or not the bank had inherent power outside of the contract to make such rules. The plaintiff has presented this book in evidence to show the contract, and is bound by all its terms.

The trial justice has in a very careful opinion held that the rule requiring the depositor to present the draft in person is a reasonable rule under all the

peculiar circumstances of the case. His reasoning seems cogent, and, so far as the rule was intended to regulate the relation of bank and depositor, so long as that relation continued, I should not lightly refuse to accept his conclusion. He has not, however, in his opinion considered the effect of this rule where the depositor seeks to terminate this relation by assignment and the assignee seeks to recover the amount of the deposit. The plaintiff herein claims, in effect, that as assignee of the fund he takes it free from any rules and regulations which might be binding upon the depositor. This statement of the law is obviously too broad. He takes only the rights which the depositor had, and is subject to all the limitations lawfully placed upon the depositor's rights.

It must be remembered, however, that even though we should go so far as to hold that the relation between depositor and depositary was that of a depositor and a savings bank, which is, however, not strictly the case, yet that relation is that of creditor and debtor, and the bank, to justify a refusal to pay its debts to one who is its creditor, must show some good reason for its refusal. Even where the bank requires a bank book to be presented as a voucher, the presentation of such bank book is not a condition precedent to a recovery of the debt by the assignee, though a failure to present the bank book may, where the bank might be subject to a double claim, present justification for a refusal to pay. See *Mierke vs. Jefferson County Savings Bank*, 208 N. Y. 347, 101 N. E. 889, 46 L. R. A. (N. S.) 194. So in *Augsbury vs. Shurtliff*, 114 App. Div. 626, at page 633, 99 N. Y. Supp. 989, at page 993, the court said:

"We think it cannot be claimed that such depositor may not assign or transfer his interest in his deposit for a good and valuable consideration, without the delivery of the passbook representing such deposit, and that if such assignment or transfer is established to be valid the bank must recognize the same, notwithstanding the assignee or trans-

feree may not have possession of the passbook."

It seems to me that the true rule is that, while a savings bank, and perhaps this bank, may pass reasonable rules regulating the relation of depositor and depository, yet since it still remains a debtor of the depositor, that debt may be assigned to a third party, and, if the execution of the assignment is properly established, it passes all title to the debt to the assignee. Thereafter, as between the assignee and the bank, the only question that remains is whether the debt itself is subject to any limitations which will justify the bank in refusing to pay; but the debtor cannot make rules and regulations which will limit the right to assign the debt.

In this case, while the bank may possibly have the right to require a depositor, who desires to withdraw part of his deposit, to present the draft in person, if we construe its rule so strictly that only the depositor can obtain his money in person, we would permit a debtor, in the guise of making a regulation governing its relation to depositors, to make its debt unassignable.

It follows that the judgment should be reversed, with costs, and judgment directed for the plaintiff, with costs. All concur.

(151 N. Y. Supp. 26.)



Conditional Note

IOWA.

*Principal and Surety—Evidence—Conditional Delivery—Defectively Acknowledged Instrument.
Fraud of Creditor.*

Supreme Court of Iowa, December 15, 1914.

SELMA SAVINGS BANK VS. HARLAN.

A note may be delivered on condition, the observance of which is essential to its validity between the original parties, provided that as between them, the delivery may be

shown to have been conditional. (From the N. W. Reporter.)



ACTION on a promissory note to which the defendant Hinkle only interposed a defense. Verdict was directed as prayed, and judgment entered thereon. H. A. Hinkle appeals. Reversed.



STATEMENT OF FACT:

THE action is on a note for \$545, dated August 20, 1912, and payable six months thereafter. M. T. Harlan signed as principal and H. A. Hinkle as surety. Its purpose was to take up three notes previously executed, one of which, at least, was signed by both of them. One of the defenses interposed by Hinkle was that the note never took effect. He testified that they went to the bank, where he said to the cashier:

"That Mark (Harlan) was to give me an assignment, signed by him and wife, to go on the note for \$545; this assignment to cover their interest in the A. W. Harlan estate. * * * When I signed the note, I gave it and the assignment to Schlottter (the cashier), together with instructions that, when Mark and his wife acknowledged this assignment and signed a note to me for this amount, then my note to the bank was to become effective."

The estate of Harlan's grandfather, A. W. Harlan, consisted of 200 acres of land and \$2,000, and his claim was to one-fourth interest therein. The cashier admitted that the assignment was left with the bank for execution, and a note was to be procured from Harlan and wife, but denied that anything was said concerning this being a condition to the note sued on taking effect, and Harlan gave like testimony, and also that the old notes were not surrendered by the bank to him until after the note to Hinkle and assignment had been

signed by him and he had attached his wife's name thereto without her consent. He acknowledged the assignment for himself, and undertook to do so for his wife; the vice president of the bank, who was a justice of the peace, certifying that the acknowledgment was of "Winnie Harlan, represented by M. T. Harlan." Subsequently she may have orally ratified what her husband did, but the jury could well have found this to have been after this suit had been begun, and also after she and her husband had conveyed his interest in the estate to another, though, as he testified, "with the exception of \$500," and he could not recall whether the exception was inserted in the deed. She testified to the conveyance of the whole interest to Baldwin:

"Q. What part of it? A. Except this. Q. Did you except this? A. No; that was to be paid first of all. Q. Did you in the assignment to Baldwin except the interest Hinkle had in it? A. That I can't say."



OPINION OF THE COURT

LADD, C. J. It is plain from this recital that the evidence raised the issue of whether the note was to take effect only on the contingency of the bank first procuring the execution of the note by Harlan and wife and the acknowledgment of the assignment by them. As the jury might well have found, they had obtained the signature of the wife to neither; nor had she ratified her husband's action with reference thereto prior to the beginning of this action and the conveyance of the property included therein to another. There was no evidence of any exception in such conveyance, and if there was an oral exception, the evidence fails to show the nature of it, and whether it was such as to save the first claim to the interest covered by the assignment.

Moreover, if Mrs. Harlan orally ratified the action of her husband, this would not render the acknowledgment

such that recording the assignment would have constituted constructive notice of any inchoate interest in the property described therein acquired through the assignment from her. The subsequent ratification, if any, then, did not fully cure the bank's failure to perform the condition precedent to the note becoming effective, and this issue should have been submitted to the jury.

That a promissory note may be delivered on condition, the observance of which is essential to its validity between the original parties thereto, is recognized by section 3060a16, Code Supplement, providing that in such case "the delivery may be shown to have been conditional or for a special purpose only and not for the purpose of transferring property in the instrument," and is in harmony with decisions of this and other courts. *Ware vs. Smith*, 62 Iowa 159; *Johnston vs. Cole*, 102 Iowa 109; *Niblock vs. Sprague*, 200 N. Y. 390. If the agreement was as testified by Hinkle, there was never any authorized delivery of the note, and it never became binding on the defendant. He is not contending that the contract which the note expresses was changed; his claim is that such contract was never entered into at all, for that the contingency upon which the note was to be deemed delivered never occurred. Parol evidence of the condition was admissible; for it was not an attempt to vary or contradict the written instrument. *Higgins vs. Ridgway*, 153 N. Y. 130.

But it is said the cashier was without authority to surrender the old notes without payment. If so, doubtless recovery thereon may yet be had. In any event, surrendering the old note would not obviate the condition on which the new note was to take effect. As he acted for the bank in taking the latter, it, in bringing action thereon, necessarily ratified whatever contract the cashier made in procuring it. *Eadie, Guilford & Co. vs. Ashbaugh*, 44 Iowa 519; *Farrar vs. Peterson*, 52 Iowa 420; *State Bank vs. Kelly*, 109 Iowa 544. There was error in withdrawing this issue from the jury.

Hinkle testified that, when he went into the bank to sign Harlan's note as surety, he, in addition to explaining, as hitherto recited, that the assignment was to be acknowledged and a note to him signed before the note sued on was to become effective, remarked that:

"Harlan says that this will pay up all he owes, with the exception of \$350 against his property in Selma."

There was evidence tending to show that Harlan was indebted on said property \$1,500. The cashier denied that the statement was made. Hinkle's statement that, had he been advised of the amount of such indebtedness, he would not have signed the note as surety, is not controverted. The indebtedness of \$1,500 was secured by mortgage, and, upon the commencement of foreclosure proceedings, Harlan and wife conveyed the property to the mortgagee in satisfaction of the debt.

The jury might have found that the cashier representing plaintiff, with knowledge that the principal signer of the note had misrepresented the amount of his indebtedness, remained silent, and received the note signed by the surety, when, but for such misrepresentation, the surety would not have signed the note. Did this constitute fraudulent concealment? Had the remark not been made to the cashier or in his hearing, he would not have been required to inform the proposed surety of the existence of the obligation.

There was no previous relationship between the parties exacting that they deal with each other, otherwise than at arm's length, and, as the matter was not concerning the contract itself, no duty of disclosure arose, in the absence of request or other circumstances requiring the creditor to speak. *Booth vs. Storrs*, 75 Ill. 438; *Home Ins. Co. vs. Holway*, 55 Iowa 571. But the surety acts without consideration, and if, in fact, deceived, and the creditor becomes aware thereof, he ought not be permitted to remain silent and yet partake of the fruit of such deception. As observed in *London & Provincial Marine*

Ins. Co. vs. Davies, 47 L. J. 511, by Fry, J.:

"Very little said that ought not to have been said, and very little not said which, from the course of negotiations, ought to have been said, would be sufficient to prevent the contract being a valid one."

The Lord Chancellor clearly states the law in *Owen vs. Homan*, 4 H. L. Rep. Cas. 1035:

"Without saying that in every case a creditor is bound to inquire under what circumstances his debtor has obtained the concurrence of a security, it may safely be stated that, if the dealings are such as to lead a reasonable man to believe that fraud must have been used in order to obtain such concurrence, he is bound to make inquiry, and cannot shelter himself under the plea that he was not called upon to ask, and did not ask, any question on the subject. In some cases wilful ignorance is not to be distinguished in its equitable consequences from knowledge. If a person abstains from inquiry because he suspects the result of inquiry will probably be to show that a transaction in which he is engaging, is tainted with fraud, his want of knowledge of the fraud will afford no excuse."

The rule as there expressed was followed by this court in *Bank of Monroe vs. Anderson Bros. Mining & Ry. Co.*, 65 Iowa 692, declaring that:

"If there is nothing in the circumstances to indicate that the surety is being misled or deceived, or that he is entering into the contract in ignorance of facts materially affecting its risks, the creditor is not bound to seek him out, or, without being applied to, communicate to him information as to the facts within his knowledge. But in such case he may assume that the surety has obtained information for his guidance from other sources, or that he has chosen to assume the risks of the undertaking, wherever they may be. But if he knows, or has good grounds for believing, that the surety is being deceived or misled, or that he was in-

duced to enter into the contract in ignorance of facts materially increasing the risks, of which he has knowledge, and he has an opportunity, before accepting his undertaking, to inform him of such facts, good faith and fair dealing demand that he should make such disclosure to him; and if he accepts the contract without doing so, the surety may afterwards avoid it."

(See 1 Brandt on Suretyship, § 472; Warren vs. Branch, 15 W. Va. 21.)

The jury might have found that Hinkle made the statement in the cashier's hearing, that the latter knew it was untrue, and inferred therefrom, in connection with all that then occurred, that Hinkle was deceived thereby into relying on Harlan's financial condition as stated. If so, he was bound to disclose the truth, and if he remained silent in order to obtain the note, when, had he corrected the misapprehension under which Hinkle was laboring, he would not have obtained it, then he was guilty of such fraudulent concealment as will relieve the surety from liability thereon. In other words, the bank, with information that the surety was induced to sign or deliver the note by deception, could not avail itself of the fruits of such deception without imparting to him the truth of which it was advised, and, if it so did, it must be held to have participated therein, and be held responsible therefor. While discovering no case in its facts like this, none inconsistent in principle has been found. The issue should have been submitted to the jury.

Reversed.

(149 N. W. Rep. 882.)



Corporation Note

CALIFORNIA.

Acts of Corporation Officials—Unauthorized Loan—Notice—Estoppel.

District Court of Appeal, First District, California, Nov. 7, 1914.

STATE SAVINGS AND COMMERCIAL BANK VS. WINCHESTER, ET AL.

A corporation can act only through its board of directors, and the public act at their peril with one purporting to represent such corporation without proper evidence.



ACTION by the State Savings & Commercial Bank, a corporation, against Elisabeth F. Winchester and Frank Winchester. From a judgment for defendants, and from an order denying a new trial, plaintiff appeals. Judgment and order affirmed.



STATEMENT OF FACT.

THIS is an appeal from a judgment and from an order denying a new trial. The action was one to foreclose a mortgage executed by defendant and respondent, Elisabeth F. Winchester, as security for the payment of a promissory note in the sum of \$11,500, made by the Main-Winchester-Stone Company, as maker, and the respondent as indorser and guarantor. The execution of both the note and mortgage was an admitted fact in the case; but as a defense to the foreclosure proceedings, it was alleged that the note and mortgage were executed without consideration to either the respondent Elisabeth F. Winchester or to the Main-Winchester-Stone Company, and that the same were both obtained by false and fraudulent representations.

The facts leading up to the transaction in suit, and out of which the claim of fraud arises, are, in substance, as follows: On December 13, 1906, A. G. Stoll, the then president and general manager of the Main-Winchester-Stone Company, made application to the appellant bank upon behalf of said company for a credit loan of \$15,000. The application for the loan was approved; and a credit was thereupon given to the Main-Winchester-Stone Company upon the books of the bank in the sum men-

tioned, for which three notes were executed in different sums to the bank by Stoll in the name of the company.

Thereafter, these notes were taken up with a renewal note of said company for \$15,000, which renewal note was endorsed by A. G. Stoll, R. P. Grubb, a Mr. Richardson and Frank Winchester, all directors of the Main-Winchester-Stone Company. After the sum of \$3,500 had been paid and endorsed thereon, Richardson, having sold his stock in the Main-Winchester-Stone Company, desired to be released as an indorser of said renewal note. The bank thereafter released him, in consideration of the giving by respondent Elisabeth F. Winchester of the mortgage in question, as security for the payment of the indebtedness due upon the renewal note. A second renewal note was thereupon executed in the sum of \$11,500, upon which the name of Elisabeth F. Winchester replaced that of Richardson as endorser, and at the same time and as a part of the same transaction, the mortgage in question was executed as security therefor.

The endorsement of the second renewal note and the execution of the mortgage by respondent were in lieu of the prior endorsement of Richardson. The trial court found that Stoll as the president and general manager of the Main-Winchester-Stone Company was without authority to execute the first renewal note in controversy, that said company never received any benefit from the money obtained upon the note, and that the same was procured to be signed by fraud and through false and fraudulent representations. In support of and as a basis for this finding, the trial court also found that prior to the execution of the original notes involved in the transaction, A. G. Stoll, C. P. Hagg, who was then secretary of the appellant bank, and other persons, had entered into an agreement to secure control of the appellant bank by purchasing a certain amount of its capital stock; that the loan procured by Stoll, to and in the name of the Main-Winchester-Stone

Company, from the appellant bank, was procured and used by him for the purpose of purchasing a controlling interest in the appellant bank, and not for the use and benefit of said company; that in order to conceal and cover up this phase of the transaction, Stoll, on January 15, 1907, represented to the Main-Winchester-Stone Company that it was necessary to borrow \$15,000 from the appellant bank, to be used in the business of the company; that he could secure such a loan from the appellant bank if a resolution were passed authorizing the same; that such resolution was duly passed authorizing a loan from the appellant bank not to exceed \$15,000; and that such resolution made no reference to past loans made by appellant bank to the Main-Winchester-Stone Company.

It was further found that all subsequent notes made by said Main-Winchester-Stone Company to appellant bank, including the note and mortgage in suit and the endorsements and guaranties thereon, were made without any knowledge on the part of the makers thereof, of the transaction of December, 1906, but that such notes, endorsements, guaranties, and mortgage were made in the belief that the money borrowed, guaranteed, and secured had been procured by Stoll under the resolution of January 15, 1907; that, in fact, no loans were made by appellant bank under said resolution, and that the only money appellant bank parted with was the sum advanced in December, 1906. Upon these facts judgment went for defendants.



OPINION OF THE COURT.

LENNON, P. J.: It is conceded by appellant that a corporation can act only through its board of directors, and that the public generally act at their peril with one purporting to represent such corporation without evidence of his being authorized by the

governing board of such corporation. It is insisted, however, that the evidence shows that the Main-Winchester-Stone Company so conducted itself as to be estopped from denying that Stoll had authority to make the loan for want of the proper resolution. On the other hand, it is the contention of the defense that the money obtained from the appellant bank by Stoll and claimed to have been wrongfully diverted from the use of the Main-Winchester-Stone Company was advanced by the bank for the individual use of one of the directors of the company with the knowledge of the bank.

The trial court adopted the view that, inasmuch as Hagg was secretary of the appellant bank, any knowledge gained by him in the transaction with Stoll was imputable to the bank. In this behalf, as previously stated in substance, the trial court found that arrangements were made between Hagg, the secretary of the appellant bank, and Stoll and others prior to the loan of December, 1906, to get control of the bank; but Stoll was without the necessary funds to pay for his proportion of the stock; that in the making of the application and obtaining of the loan, he dealt only with Hagg and never saw or dealt with any other officer of the bank, in connection with the transaction; that shortly after the loan was made, a majority of the stock of appellant bank was transferred to Stoll, Hagg and others, and that they were immediately installed as directors of the bank.

There is evidence, in our opinion, to support this finding, and this finding in turn supports the conclusion and judgment of the trial court to the effect that the appellant bank was estopped from claiming that the loan in controversy was made in the regular course of business. 5 Cyc. p. 460.

The judgment and order appealed from are affirmed.

(145 Pacific Rep. 171.)

Material Alteration

MASSACHUSETTS.

Supreme Judicial Court of Massachusetts, Suffolk, December 31, 1914.

ANDREWS VS. SIBLEY.

The alteration of a name of the payee in a negotiable instrument is a material alteration and voids the instrument as to the maker.



APPEAL from Superior Court, Suffolk County; Charles F. Jenney, Judge.

Bill by Julius Andrews against Henry C. Sibley and others. Bill dismissed, and plaintiff appeals. Affirmed.



STATEMENT OF FACT AND OPINION.

DE COURCY, J.: It appears from the agreed statement of facts that the promissory note which the defendant Sibley delivered to George E. Williams was payable to the defendant insurance company one year from date, and was for the amount of the premiums due September 8, 1912, on Sibley's insurance policies. Shortly afterwards Williams altered the note by erasing the name of the insurance company as payee and inserting his own in place thereof. After this alteration and during the month of September, he negotiated the note by endorsement and delivery to the plaintiff, who now seeks to recover the amount thereof.

1. The plaintiff cannot recover from Sibley on the note. It is conceded that the unauthorized change of the payee's name was a material alteration. The note was thereby avoided as against Sibley, by section 141 of the Negotiable Instruments Act (R. L. c. 73). The last sentence of that section, allowing a holder in due course to enforce payment of an altered note "according to its original tenor," even if applicable,

cannot avail the plaintiff, as such a restoration would make the note payable to the order of the defendant insurance company, which never has endorsed it. The suggestion that the plaintiff might recover in the insurance company's name, or that the company might be compelled to enforce it as trustee for the plaintiff, loses sight of the facts that the original note never was delivered to the company, that Williams had no authority to receive the note in its behalf; that all his dealings with the instrument were without its knowledge, consent or authority, and that consequently the company itself could not recover upon the note even if it were reformed and restored to its original tenor.

The further contention that Sibley authorized Williams to borrow money with which to pay premiums on the insurance policies and consequently is bound by the acts of Williams under the general doctrines of agency, finds no support in the agreed facts.

2. It is urged that Sibley should be compelled to pay the plaintiff in equity and good conscience. The plaintiff argues that Williams, if he were alive, could not recover the money, because he was an officious volunteer in paying the premiums. Assuming that to be true, it is equally true that the plaintiff himself never was requested by Sibley to confer any benefit upon him. *Footte vs. Cotting*, 195 Mass. 55, 80 N. E. 600, 15 L. R. A. (N. S.) 693. Further it does not appear as matter of fact that the plaintiff did confer a benefit upon Sibley, on which a quasi contractual claim for money had and received can be based. So far as the agreed facts disclose, what the plaintiff gave for the altered Sibley note was not money but other notes of Williams which were held by him and then were due and payable.

And even assuming that some cash was paid by the plaintiff, he does not show that it was used by Williams to pay Sibley's premiums to the insurance company. It was some weeks afterwards that Williams, in settling with

the company his accounts for collections, expenses and commissions, charged himself with the receipt of these premiums, and sent a check for the balance due as shown by the account. What that balance was does not appear, nor whether it amounted to as much as these premiums. On the facts disclosed it is impossible to say that money of the plaintiff was actually used to pay the company for the premiums owed by Sibley. In short, he fails to prove that money wrongfully obtained from him has been used to pay the debts of the defendant Sibley; and the ground of equitable relief in cases like *Newell vs. Hadley*, 206 Mass. 335, 92 N. E. 507, 29 L. R. A. (N. S.) 908, and *Bannantyne vs. MacIver*, [1906] 1 K. B. 103, is not applicable. The difficulty here is more than a mere absence of technical proof. The scheme of Williams, disclosed later, to secure a much larger sum by assigning Sibley's policies and forging his name to a note, suggests that in order to retain possession of the policies for a year Williams was compelled to pay these premiums, regardless of whether he obtained money from the plaintiff on the altered note.

It is urged finally that unless the plaintiff is allowed relief the result will be that he is without remedy, and that Sibley holds the money without any consideration moving from him. As to the former, he still has his remedy against the estate of Williams. Sibley never was liable on the note, notwithstanding the plaintiff's mistaken belief to the contrary. And no relation of cause and effect is shown between the plaintiff's loss and Sibley's gain.

The question is not now before us as to Sibley's liability to reimburse the Williams estate. Nor is it settled that some other creditor of Williams has not a real equity in his favor, based on the use of his money, wrongfully taken, to pay these premiums. The fraudulent transaction here disclosed is but one of many in which he was involved. See *Herman vs. Conn. Mut. Life Ins. Co.*, 218 Mass. 181, 105 N. E. 450. In any

event the plaintiff must stand upon his own rights and show affirmatively that he has an equitable right to be paid by Sibley; and this he has failed to establish.

Decree affirmed.

(107 N. E. Rep. 396.)



Taxation of Joint Deposit

NEW YORK.

Transfer Tax—Joint Tenancy—Deposit in Contemplation of Death.

New York Supreme Court, Appellate Division, Third Department,
January 6, 1915.

IN RE TILLEY'S ESTATE.

A deposit in two names, husband or wife, payable to either or the survivor, is not a transfer in contemplation of death, or intended to take effect at or after such death, within the Bank Law of New York. Under the Banking Law of New York such parties are joint tenants, with the right of survivorship, which right is an incident of joint tenancy, and the rights of the parties become absolutely fixed upon the making of the deposit.



APPEAL from Order of Surrogate, Albany County.

In the matter of the appraisal of the estate of John S. Tilley, deceased, under the acts relating to the taxable transfers of property. From an order of the surrogate, modifying, on the appeal of Rose Emma Tilley, residuary legatee and executrix, the assessment of the appraiser, William Sohmer, State Comptroller, appeals. Affirmed.



STATEMENT OF FACT AND OPINION.

WOODWARD, J.: John S. Tilley died a resident of Albany county on the 25th day of March, 1913. During his lifetime, and for a period of

about 35 years, decedent had been carrying on business in Watervliet; and, although his wife does not appear to have been a partner, it is not disputed that she assisted her husband in the business, and that real estate belonging to his wife was used in connection therewith. Some of the proceeds of this business, representing the joint earnings of decedent and his wife, were deposited in savings banks, and were made payable to either of them, or to the survivor. Decedent's wife always had possession of the passbooks, and drew out and deposited moneys on the various accounts as occasion required.

In the proceedings for the fixing of the transfer tax upon the estate of Mr. Tilley the appraiser made a finding that decedent was the owner of one-half of these joint accounts, aggregating \$38,481.49, and an order assessing the tax on the sum of \$19,240.74 was made. From this order the decedent's widow appealed to the Surrogate's Court, where the same was reversed. The State Comptroller appeals from the order of reversal.

Upon this appeal it is urged that it "matters not whether the rights of the survivor accrued as alleged contractual rights, or as voluntary provisions, if the decedent intended that only at his death the survivor's title to his interest should become absolute and fixed, a tax should be imposed upon the transfer of his interest in the funds." But we are not here dealing with an equitable, but with a tax, problem; we are not interested in the intent of the decedent, but with the legal relations of the parties to these joint accounts. No special tax should be imposed upon the citizen unless it is within the letter and spirit of the law, and the only question to be determined here is whether the law has provided for the taxation of joint accounts.

By the provisions of section 144 of the Banking Law, when—"a deposit shall be made by any person in the names of such depositor and another person and in form to be paid to either or the survivor of them, such deposit thereupon and any addition there-

to made by either of such persons upon the making thereof shall become the property of such persons as joint tenants and the same together with all interest thereon shall be held for the exclusive use of the persons so named and may be paid to either during the lifetime of both, or to the survivor after the death of one of them, and such payment and the receipt or acquittance of the one to whom such payment is made shall be a valid and sufficient release and discharge to said bank," etc.

This would seem to dispose of the question here presented, for, whatever may have been the intention of the decedent, he is presumed to have known the law, and when he deposited the moneys in the accounts now under consideration he vested the ownership of such funds in joint tenancy in himself and his wife, it became the property of such persons in joint tenancy, and it is of the essence of a joint tenancy that there shall be unity of interest, unity of title, unity of time, and unity of possession; that is to say, joint tenants have one and the same interest, accruing by one and the same conveyance, commencing at one and the same time, and held by one and the same undivided possession. Neither can be exclusively seized of any particular part of the property, and is cotenant of the other; but each has an undivided moiety of the whole, and not the whole of an undivided moiety. 17 Am. & Eng. Ency. of Law, 649. The great incident of joint tenancy is the right of survivorship, and by reason of this right the interest of a joint tenant is not descendible and cannot be devised by will. 17 Am. & Eng. Ency. of Law, 650. No right passes by the death of one of the parties, for where the deposit is in the joint names of the parties, and the tenant appears—as it now must under the statute—to create the joint tenancy, its effect is to vest title in the entire fund in the survivor. *Farrelly vs. Emigrant Industrial Savings Bank*, 92 App. Div. 529, 531, 87 N. Y. Supp. 54, affirmed 179 N. Y. 594, 72 N. E. 1141.

The right of survivorship vests in the

creation of the joint tenancy, and the only question determined by death is which shall take the entire estate. Under such circumstances it is clear that there is no succession to be taxed, for it was not made "in contemplation of death of the grantor, vendor or donor, or intended to take effect in possession or enjoyment at or after such death." The possession is given upon the creation of the estate, the rights are absolutely and conclusively fixed, and the only question which is contingent is which of two or more joint tenants shall eventually own the entire estate. But each is in full possession, each has full ownership as against all the world, with the exception of the equal right of the others, and the transfer, which becomes fully determined at the death of one of two joint owners, relates back to the creation of the estate. It was then that the rights vested, and the death only determines which shall be the gainer by the transaction. While there might be a joint tenancy created which would be so obviously fraudulent in its inception as to take it out of the general rule, we are persuaded that where an account is created in the manner permitted by the Banking Law, with all of its incidents known and recognized in the law, it cannot be presumed that there was any other intention than that which the law ascribes to such an act, and that property thus disposed of is not "made in contemplation of death," as that language is understood in the jurisprudence of this state, nor "intended to take effect in possession or enjoyment at or after such death." Section 220, Tax Law.

If the Legislature deems such dispositions of property to be properly taxable, that is a question which may be dealt with in the proper department; but this court has no power to enlarge upon the scheme of tax laws. See *Matter of Starbuck*, 137 App. Div. 866, 122 N. Y. Supp. 584; *Matter of Green*, 144 App. Div. 232-234, 129 N. Y. Supp. 54, and authorities cited. The order appealed from should be affirmed, with costs.

Order affirmed, with \$10 costs and disbursements. All concur, except Smith, P. J., who dissents.
(151 N. Y. Supp. 79.)



Embezzlement by Cashier

NEW YORK.

Irregular Bond Transactions Ratified by Board of Directors.

New York Supreme Court, Appellate Division, First Department, Feb. 5, 1915.

FIRST NAT. BANK OF HIGHBRIDGE,
N. J., vs. CHAS. I. HUDSON, ET. AL.

A cashier of a bank made a practice, with the knowledge and approval of the board of directors, of paying for investments purchased for the bank with checks on his personal deposit and crediting his deposit with the purchase price. He followed this practice in purchasing bonds for the bank through stockbrokers, the purchase of which was authorized and ratified by the board. The bonds were left in the possession of the brokers and were subsequently sold by them and credited to the cashier's personal account with them. *Held* that, while the cashier may have been guilty of larceny in using the bonds, the funds used in paying the checks given for the purchase price, transferred to his deposit in the manner mentioned, were not stolen and could not be recovered by the bank. (151 N. Y. Supp.)



ACTION by the First National Bank of High Bridge, New Jersey, against Charles I. Hudson and others. From a judgment for plaintiff entered upon a verdict and from an order denying a new trial, defendants appeal. Reversed, and complaint dismissed.



STATEMENT OF FACT.

THE plaintiff, during the times hereinafter mentioned, was a national bank, located at Highbridge, N. J., and one Beavers was its cashier. The defend-

ants were stockbrokers doing business in the city of New York. On the 22nd of January, 1913, Beavers confessed to the directors of the bank that he had embezzled a large amount of its funds, and certain stock which he had delivered to the defendants in connection with stock speculations carried on by him through them. This action was thereafter brought to recover the proceeds of the stock—the same having been sold—and the funds alleged to have been embezzled, on the ground that defendants, when the same were received, had actual notice that they belonged to the plaintiff.

The bank was organized in 1900, and Beavers acted as its cashier from then until he made his confession, during all of which time he had a deposit account in the bank. He also had an account during the same time, and for two years prior thereto, with the defendants. The proceeds of the stock and the funds alleged to have been embezzled, which it was sought to recover in this action, were delivered or paid to the defendants between October 11, 1912, and January 6, 1913. Intermediate the dates just named, Beavers delivered to the defendants 18 checks, payable to their order, aggregating \$84,364.90, drawn against his deposit account with the plaintiff. These checks went through the usual channels of collection and were paid in due course; the balance in Beavers' account with the plaintiff being sufficient at all times to meet them without overdraft. The stocks referred to were 100 shares of Pressed Steel Car and 10 shares of New York Central. The plaintiff's claim, when the case was submitted to the jury, was that it was entitled to recover from the defendants the aggregate amount of the eighteen checks, \$84,364.90; interest thereon, \$7,918.24; proceeds derived from sale of the stocks, \$3,629.05; total, \$95,912.19; less a balance to the credit of Beavers' account with the defendants, paid with his consent to the plaintiff, \$2,383.35; leaving a balance of \$93,528.84. The jury rendered a verdict for the full amount claimed and

from the judgment entered thereon, and an order denying a motion for a new trial, defendants appeal.

The action was tried and the appeal argued upon the theory that the credits in Beavers' account with the plaintiff were obtained by trick and device amounting in law to larceny; that the moneys paid to the defendants on the checks referred to were moneys of the bank; that the certificates of stock which Beavers delivered to the defendants were held by the bank as collateral security for the payment of loans; and that the defendants had actual notice of these facts when the same were received by them.



OPINION OF THE COURT.

McLAUGHLIN, J.: After a careful consideration of this record, I am unable to find evidence sufficient to sustain the findings: (a) That the proceeds with which the checks were paid were stolen by Beavers from the bank; (b) that the stock delivered to defendants had been put up with the bank as collateral security for the payment of loans; or (c) that the defendants had actual notice that the stock or funds belonged to the plaintiff, or that it had any interest in them. If this be a correct view of the evidence then defendants' motion to dismiss the complaint at the close of plaintiff's case, and renewed at the close of the whole case, should have been granted.

First, as to the larceny: Beavers, as already indicated, from the organization of the plaintiff had a deposit account with it. This account was quite large and active, and especially so for several years immediately preceding the acts of which complaint is here made. During this time large deposits were made, against which many checks were drawn and paid. He would purchase investments for the bank, pay for them with his own check, and credit his account with the purchase price. This fact was known to and approved by the board

of directors. The credits in the account which the respondent claims amounted to larceny were: (1) Several items aggregating \$57,240.04, the purchase price of sixty \$1,000 bonds bought for the plaintiff by Beavers through defendants. Beavers was authorized by the board of directors to purchase these bonds and the purchase, in each instance, was duly ratified by it. The method pursued was this: After the board had authorized Beavers to make the purchase, he would give an order to the defendants, and, on being notified that the purchase had been made, would credit his deposit account with the purchase price and send defendants a check for that amount. At the same time a proper entry was made in one of the books of the bank, showing that the bonds had been purchased and paid for. The bonds, however, were left with and subsequently sold by defendants and credited to Beavers' account. It may well be that Beavers was guilty of larceny in using the plaintiff's bonds, but that is not the claim here made. The claim is that the funds used in paying the checks given for the purchase price were stolen; in other words, that he had no right to credit his account with that amount so as to make the checks good when they were presented for payment. I am unable to see any legal basis upon which such claim can properly be predicated. The bank having authorized Beavers to purchase the bonds, he, having made the purchase and paid for them with his personal checks, had a perfect right to credit his account with what he had paid; especially so, after the purchase had been ratified and approved. There was nothing unusual about it so far as the plaintiff was concerned. The same method had many times before been resorted to in making investments. The mistake which the board of directors made was that they did not require Beavers to produce the bonds when the purchase was ratified. The bank was not injured by the credit in Beavers' account or the payment of the checks, but solely by his subsequent conversion of the bonds.

(2) The account was also credited with items aggregating \$23,000. Beavers testified that in taking these credits in his deposit account a corresponding charge was made against the cash of the bank in the cashbook and the amount was also evidenced by a check or an I. O. U., which he placed in the cash drawer and instructed the teller to treat as cash. The entries were made in the regular course of business of the bank, and the true facts would have been disclosed at all times by an inspection of its books. These items, it seems to me, therefore, must, so far as the defendants are concerned, be treated as loans made by plaintiff to Beavers.

(3) It is also claimed the account was improperly credited with the proceeds of certain notes of Beavers' discounted by the bank. The first note was for \$7,000 and was discounted on January 4, 1913. At that time but one of the 18 checks which Beavers delivered to the defendants remained unpaid. This was a check for \$2,000 which was paid by the bank on January 9, 1913. The discount of this note was approved by the bank, though Beavers concealed from the directors that it was his note which had been discounted. Proper entries, however, were made in the bank's books showing the true situation.

(4) The stocks to which reference has been made were originally purchased by Beavers through the defendants and later returned to them as security for his personal account. They sold the stocks on March 18, 1913; the Pressed Steel Car bringing \$2,573, and the New York Central, \$1,056.05. As to the latter, it is sufficient to say that the plaintiff failed to prove that this stock was ever held by the bank, either as collateral security or otherwise. As to the former, Beavers testified it was purchased and held by the bank as collateral for the payment of the note of one Rufe, and was kept in the pouch where the other collaterals of the bank were deposited. The proof shows, however, that this stock was purchased by Beavers in his own name. It was delivered

to him by defendants and subsequently returned to them.

An examination of Beavers' account with the bank shows that immediately prior to his taking the first credit complained of he had a balance standing to his credit of \$2,348.21. Subsequently, and during the period of his alleged embezzlements, there were credited to his account, items aggregating \$27,920.16, the legitimacy of which does not appear to be questioned. There were also, during the same period, checks aggregating upwards of \$38,000, drawn by Beavers and paid by the plaintiff to persons other than the defendants, and the legitimacy of such payments does not seem to be questioned. There is nothing in the record to indicate that at least some of the checks given to the defendants were not paid by the unquestioned credits or that the checks given to others, to which no complaint is made, were not paid by the alleged improper credits.

Second, as to actual notice: Assuming that the checks delivered to the defendants were paid with moneys embezzled by Beavers, the plaintiff could not recover without proving the defendants had actual notice of that fact. That actual, as distinguished from constructive notice, was essential to defendants' liability, was frankly conceded by the learned counsel for the respondent. Indeed, it could not well be disputed, for, if the facts were only such as would put the defendants on inquiry as to the validity of the checks, their presentation constituted a sufficient inquiry, and their payment by the bank a conclusive answer as to their validity. *Havana Central R. R. Co. vs. Knickerbocker Trust Co.*, 198 N. Y. 422, 92 N. E. 12; *Niagara Woolen Co. vs. Pacific Bank*, 141 App. Div. 265, 126 N. Y. Supp. 890.

The facts relied upon, as establishing actual notice, were that Beavers, some 14 years before his defalcations in the bank were discovered and 2 years before the plaintiff was organized, opened an account with the defendants; that he was then a train dispatcher;

that when plaintiff was organized, in a small town, with a small capital, he became its cashier, a position which he continuously held until he made his confession; that his account with the defendants, when first opened, was comparatively small; that he was then accustomed to make payments to defendants with bank drafts, but in March, 1904, at their request, he ceased doing so and remitted with his personal checks; that in March, 1905, he opened a special account with them on behalf and in the name of the bank, which was closed a year and a half later; that in the meantime he continued his personal account, and by 1908 it showed transactions involving large amounts, which were subsequently increased; that on several occasions in 1911 and 1912 he took out blocks of stock amounting to \$10,000 and after keeping them for a short time returned them to the defendants; that when plaintiff was about to be examined by a national bank examiner in October, 1912, Beavers directed defendants to deliver certain bonds to the Coal & Iron Bank in the city of New York not later than 10 o'clock the following morning. But there is nothing to show that defendants had any knowledge that an examination of the plaintiff was in progress at the time the request was made, and that it made very little impression upon them is evidenced by the fact that the bonds were not delivered until after 2 o'clock instead of before 10. Stress is also laid upon the fact that Beavers had requested defendants, when communicating with him, to telegraph and use a code. The code was one of the regular ones furnished by defendants to their customers, and its use, obviously, was to secure privacy of communication. It is also urged that the amount of Beavers' transactions between October 10, 1912, and January 3, 1913, and for which the 18 checks in question were given, was sufficient to constitute actual notice. But the total of these transactions amounted to less than Beavers' total purchase during the corresponding months in all except one of the four years immediately

preceding. Beavers had been a customer of the defendants for many years. His purchases and sales through them had been large. During 1911 and the first seven months of 1912, defendants had paid and delivered to him cash and securities aggregating upwards of \$80,000. They knew he stood high in the community in which he lived and was connected as treasurer, director, or trustee, with several important institutions, and regarded as a person of considerable means.

These facts viewed in the most favorable light to the plaintiff, are utterly insufficient to establish actual notice. They were so remote, disconnected, and trivial that they would not, to the ordinary business man, have created even a suspicion, to say nothing of actual notice, that there was anything irregular in the transactions.

The conclusion reached renders it unnecessary to pass upon the other questions raised by the appellants.

The judgment appealed from, therefore, is reversed, with costs, and the complaint dismissed, with costs. All concur.

(151 N. Y. Supp.)



New York State Bankers' Convention

THE annual convention of the New York State Bankers' Association will be held at the Grand Union Hotel, Saratoga Springs, June 24 and 25.



A Handsome Calendar

WASHINGTON'S birthplace at Wakefield, Westmoreland County, Va., is used to embellish an exceptionally attractive calendar sent out by the American National Bank, Richmond, Va.

The illustration of this famous place is beautifully done in colors, and the card is large enough to make a very ornamental and useful adjunct to the bank or office.

Postal Savings and Other Banks

IN the following the First National Bank of Los Gatos, Cal., draws the deadly parallel to show the advantage of an ordinary bank over the Government-conducted institution:

POSTAL SAVINGS.

1. Depositors must be over ten years of age.

2. Married women may deposit without interference from husbands.

3. Deposits are evidenced by certificates in amounts of one, two, five, ten, twenty, fifty and one hundred dollars only. To deposit sixty-eight dollars would require five certificates.

4. Certificates are non-negotiable and non-transferable.

5. Not more than one hundred dollars may be deposited in any one month nor more than five hundred dollars to the credit of a single depositor.

6. 2% annual interest—not compounded, is paid if left for a full year. Interest begins on the first day of the following calendar month, but is not paid on fractions of a year. Interest is not credited to the depositor's account, but must be drawn out.

7. Postal Savings deposits may be exchanged for Postal Savings Bonds in sums from twenty dollars up to five hundred dollars. The Bonds bear $2\frac{1}{2}$ per cent. per annum semi-annual interest.

FIRST NATIONAL BANK.

1. We receive accounts from any child old enough to sign a signature card, or an account may be opened for a child by a parent, guardian, or other person "as Trustee for" such minor.

2. The same privilege is permitted by us, and in addition "Joint Accounts" may be opened in the name of husband or wife, payable to the individual order of either, and in case of death the money to go to the survivor.

3. We issue to the depositor a book in which deposits and withdrawals are entered, and which shows at all times the balance to the credit of the depositor.

4. The simple writing of a check accompanied by the pass book transfers and negotiates the balance or any part of a depositor's account.

5. We have no limit—we take school savings accounts as small as one cent, and you can not make them too large for us.

6. We pay 4%—twice that paid by the other, and it is compounded twice a year, by being credited to the depositor's account whether he comes for it or not. Sums deposited during the first five days of the month (except January and July when rules permit ten days) begin to earn interest from the first of the calendar month, if made after the fifth the deposit begins to earn interest from the first of the following calendar month.

7. We are prepared at all times to sell to customers, or buy from them, good municipal bonds—that is, bonds of counties, towns or school districts bearing interest in most cases at five per cent. or better. We have at the present time bonds of the above classes in denominations of one hundred, two hundred, three hundred, five hundred and one thousand dollars each. These we have bought for our own investment and we will never sell a customer a bond we do not consider good enough for the investment of our own funds.

For income, for convenience, for all practical purposes, it is to your material advantage to deposit your savings in the First National Bank.

Making a Business of Building A Bank's Business.



DEPARTMENT HEADS:
THE MEISEL FERGUSON COMPANY
Advertising Counselors
PORT HURON·MICH

ONE of the very high financial authorities of the world estimates that within the present year the United States will have as much as one billion dollars available for investment in foreign securities. This exceptionally strong condition in our international financial position has resulted from the immense favorable balance on current account growing out of our foreign trade. If we can maintain this position, we shall

tend to become lenders of capital abroad instead of borrowers as heretofore. We can do this in no other way except by developing the spirit of saving among our people. The wealth—the mere money—we have in abundance. Can the men, the women and the children be taught the saving habit, so that we shall no longer have to go abroad to borrow money for our own railways and industries, but will be lending to other countries? Because these foreign loans are made, in most cases, not in the form of money, but as goods exported to the borrowing countries, we shall greatly increase the prosperity of our wage-earners by lending abroad, for our exports will be greatly increased. The interest on these loans will also come to us largely in the shape of goods which we require from other countries.

To the nation and to the individual all seasons are favorable to the saving of money, but perhaps there never was a time in the history of the United States when the utmost possible stimulation of the saving habit meant so much to individual and national prosperity as it does now.

By saving character is developed and the independence of the individual assured.

More than that, it is of great importance that everybody should be fully informed of the service the banks are rendering to the community, so that the widest possible use of banking facilities be made, and the prosperity of the country be increased.

The building up of a bank's business means the building up of every other kind of legitimate business as well, for the deposits and loans of the bank reflect thrift, prosperity and commercial and industrial activity as surely as the weather-vane points the direction of the wind.

Hearing that the Meisel-Ferguson Company of Port Huron, Michigan, were successfully engaged in this work, I went to that city, on invitation, and had a conversation with Mr. Meisel, with the result set down below.—Editor Bankers Magazine.

AFTER the preliminaries of introduction were over, I asked Mr. Meisel to tell me just what his organization was doing.

"The business of building a bank's business," he said, "aptly explains the purposes and policies of the Meisel-Ferguson Company. As publicity experts we are endeavoring to show—indeed, I believe we are showing—how the element of advertising can be applied profitably to a bank's business."

"Just how do you go about it?" was the question asked Mr. Meisel.

"From Portland to Portland," said he, "people are pretty much alike when it comes to the matter of money. The underlying principles of banking are the same the country over, and it is merely a question of applying the laws of selling—laws that are as old as the trading instincts in man—to produce results in bank advertising."

"Does much of the old inertia on the subject of bank advertising still exist?" I asked.

"Decidedly," replied Mr. Meisel. "One of the greatest difficulties with which we have to contend is 'ethics.' It is surprising to know how many prominent and really successful bankers still

cling to the old traditions—how a bank goes on doing a thing by sheer inertia



MR. KNECHTEL
HEAD OF ART DEPARTMENT



THE YONKERS NATIONAL stands—as it has always stood, for the highest ideals in modern banking.

If you are seeking a service fitting the needs of present day requirements in banking—you will find us fully qualified to justify your patronage and confidence.

**YONKERS
NATIONAL
BANK**
26 South Broadway

AN EXAMPLE OF EFFECTIVE DISPLAY IN SMALL SPACE. M-F COMPANY SERVICE BEING FURNISHED THE YONKERS NATIONAL BANK, YONKERS, NEW YORK



HOME SAVINGS BANK

Seventh Street and
Massachusetts
Avenue

BRANCH
436
Seventh
S.W.

BRANCH
815
and H. Str.
N.E.

AN ATTRACTIVE ADVERTISEMENT BY THE M-F COMPANY FOR THE HOME SAVINGS BANK, WASHINGTON, D. C.—A SUCCESSFUL BANK GROWING RAPIDLY THROUGH EFFECTIVE ADVERTISING

for no reason except that they always have done it, long after the reason for doing it has disappeared.

"When this barrier is broken down and the banker is convinced that bank 'dignity' will permit of any legitimate advertising—then the banker is in a mood to 'talk it over.'"

I wanted very much right here to inject an inquiry as to how the notion ever got started that banking was any more dignified and solemn than any other kind of legitimate business, but refrained, and instead asked Mr. Meisel if he would give me a brief statement of what he considered some of the essentials of bank advertising. After a moment's thought, he replied:

"Volumes have been written on advertising, but in our experience there are three essentials necessary in bank advertising—to analyze, to plan and then to act.

"Every bank has its own special problems. A close study of local conditions—getting right into the 'atmosphere' of the bank—is one of the first requirements. Then finding the real point of contact and building upon this as a foundation, is the first step in the superstructure of a successful bank advertising campaign.

"It's the cumulative element that produces results in bank advertising. The experience of successful advertisers has proven that the campaign idea is the



When you open an account with The Baltimore Trust Company, it signifies good judgment and shows a consideration for events beyond prophecy.

Put your money in The Baltimore Trust Company and watch it grow. A savings account here brings pleasure.

The consistency of your saving measures the degree of your financial independence. Resolve to deposit money in this Bank regularly and really enjoy the fruits of your labor. We shall be more than pleased to tell you how to start.

The BALTIMORE TRUST CO
Capital, \$1,000,000 : Surplus, \$2000,000
 25 EAST BALTIMORE STREET

ONE OF THE M-F COMPANY ADVERTISEMENTS APPEARING IN THE BALTIMORE PAPERS FOR THE BALTIMORE TRUST COMPANY

only safe and productive one. Not one form letter, nor one circular, nor a few advertisements, constitute an advertising campaign.

"Newspapers alone will not build a banking business, neither will any single form of publicity bring the highest efficiency. You must find the real point of contact to produce action, and only action wins. Advertising in itself is only a means toward this end.

"The courtesies, accommodations and manner in which the bank takes care of

each depositor's business, the little 'out-of-the-ordinary' things the banker is able to do for his customers, are bigger and better business-builders than many dollars spent in hit-and-miss forms of advertising.

"The more personality that can be infused into efforts for increased business, the surer and steadier will be the growth of the bank.

"Plans, methods or theories of ours to build a banking business are of no practical value unless the customers are

CAPITAL SURPLUS
AND
PROFITS NEARLY
HALF A MILLION

Who Will "Others" Be?

YOUR
§

property, sooner or later, will pass into the hands of "others."

Who will those "others" be?

If you do not appoint your Executor by WILL—the COURTS must,—there's no getting 'round that.

Now, while you are in a position to judge, why not investigate The Scranton Trust method for handling Estates. It will come up to your standard—and beyond.

*Come in and see us
about these matters*

THE SCRANTON TRUST CO.
516 SPRUCE STREET
SCRANTON: PENNA.

THE SCRANTON TRUST COMPANY BELIEVES THERE IS URGENT NEED FOR PUBLIC EDUCATION ALONG TRUST BUSINESS LINES. ANOTHER EXAMPLE OF M-F COMPANY SERVICE

satisfied. A satisfied depositor is one who comes back, who voices satisfaction to friends, and brings or sends them to the bank. A steady and consistent increase in the amount of deposits and the number of satisfied customers is the best and most practical evidence of constructive publicity.

"What every banker should have is a clear perspective of the fact that the function of advertising is not merely to

get business, but to build business with this purpose as a goal. The co-operation of every individual in the bank is a necessary link in successful advertising.

"Friendliness is of so much importance between individuals that we feature this very strongly in all of our constructive building. Not a few banks which are spending considerable money to obtain new depositors are decidedly



ONE OF THE GREATEST EDUCATORS ALONG SAVING LINES — THE
CHRISTMAS SAVINGS CLUB PASS BOOK

careless in their efforts to retain the old ones.

"More and more is given recognition to building a bank's business from within, and the stimulation of the accounts already on the books of the bank receives a very thorough handling at our hands. When a new account is opened, each depositor should receive a 'thank-you' letter; when a balance has been withdrawn, an endeavor to ascertain the reason why; inactive accounts should be 'brushed up' from time to time, and depositors whose business is profitable

to the bank should be written a letter in appreciation of their business.

"Bankers are too often apt to overlook the importance of these details. Not until results begin to show do they realize that such little courtesies, especially from a bank, tend to establish a friendly relationship, convey the idea of the bank's helpful interests and result in a permanent connection with the depositor.

"Among the many proven successes in the way of savings account builders, is the Christmas Savings Club. We

NOTE

This Account Not Subject to Check.
Please make out your own deposit slip.
Always bring this book with you.

DUE DATE OF PAYMENTS	AMOUNT PAYMENT WEEKLY	AMOUNT PAYMENT MONTHLY	DATE PAYMENTS WERE RECEIVED	TOTAL AMOUNT PAID TO DATE
Mar. 1	.05		MAR 1 01983b	.05
Mar. 8	.10		MAR 9 020937	.15
Mar. 15	.15		MAR15 010037	.30
Mar. 22	.20		MAR22 01135C	.50
Mar. 29	.25	.75	MAR30 04245C	.75
Apr. 5	.30		APR 5 01347W	1.05
Apr. 12	.35			1.40
Apr. 19	.40			1.80
Apr. 26	.45	1.50		2.25
May 3	.50			2.75
May 10	.55			3.30
May 17	.60			3.90
May 24	.65			4.55

5

SAMPLE PAGE FROM CHRISTMAS SAVINGS CLUB PASS BOOK

control the selling rights of the Goodman System for the United States and Canada, and we have no hesitancy in making the statement that our experience has proven that the Christmas Savings Plan is the 'psychological savings-account-getter' today.

"A large percentage of the club members are people who have never banked before. The plan requires members to save systematically and with a purpose. Depositing these payments regularly each week in the bank enables the banker to become acquainted and

through the many courtesies and friendly meetings, it can be made the means of making each member a new and loyal depositor of the bank.

"The use of the regular savings book and deposit slip, which by the way are exclusive and patented features of our system, has a strong educational value, for it teaches the members the proper methods of banking at the start. Unlike most every other savings plan, the members do not lose interest but keep up their payments throughout the term of the club.

"But it is like any other kind of advertising—effectual if effectively done.

"Every possibility for increased business is developed. 'Friendship in Finance,' and 'Banking and Brotherhood' are the titles of two booklets on the newer spirit in banking. These were written for us by Elbert Hubbard and are used as business-builders. In places where the wage-earning class is susceptible to development of business for the savings departments, we have a series of four illustrated booklets, "Time and Money." Letters are furnished to accompany each booklet carrying the appeal which the bank desires to make to each individual customer or prospect.

"If the bankers would stop to consider the large sums of money that go out to their communities each year for unproductive and worthless securities, the vast amounts which the foreign element sends abroad, which might be retained by the local banks, through a campaign of judicious, educational advertising, they would consign the closeted skeleton 'ethics' to oblivion and make strong bids for new business the same as a manufacturer or a merchant—and why not?"

I really felt like applauding this statement, for it bore out one of my favorite contentions, namely, that if the banks would only educate our people to become investors, and to buy their securities from the banks, our investing power would amaze the world.

"The Meisel-Ferguson Company," Mr. Meisel continued, "did not grow out of ideals or theories on the part of its members; on the contrary, this individual advertising and counsel service grew out of a crying need and a real demand for a service that could reach right down into the vital needs of a bank and find the real 'point of contact' upon which to build new business."

"Are the banks showing an interest in your work," I inquired.

"Yes, they are. In fact, among really progressive banks—which includes the great majority—the desire is general and eager for a really effective campaign of bank advertising. This growing interest in building up the bank's business will, I think, in a very short time exercise a really remarkable influence on the growth of our banks and the prosperity of our people."

Check Clearances for New York State Banks

Plan Offered by Guaranty Trust Company

PROPOSALS have been made by the Guaranty Trust Company of New York to provide for the payment at par in New York of checks drawn on New York State banks and trust companies, thus offering these institutions the same

facilities in this respect as are offered National bank members of the Federal Reserve System. The proposals are stated in the following letter sent out by the Guaranty Trust Company:

"We are advised that under the pro-

visions of the Federal Reserve act a plan is under consideration whereby each Federal Reserve bank will collect and credit on receipt, at par, all checks received from member banks in its district drawn on member banks that agree in turn to remit for, at par, on date of receipt, all checks drawn upon themselves received from the Federal Reserve bank. This plan is to be optional with the member banks.

"As a direct result of this plan, unless some counter-plan is devised for making their checks worth par everywhere, every check on a non-member bank sooner or later inevitably will be discriminated against by the payee. This discrimination will in turn be transferred to the maker of the check and will thus directly affect his relations with his bank.

"The Guaranty Trust Company of New York is in thorough sympathy with the broad movement which has for its object the perfecting of the banking and financial system of our country, and believes that the Federal Reserve act is a valuable and decided step in this direction. In its present form, however, it is apparent that the act does not appeal to State banks or trust companies. It is to be hoped that by intelligent, constructive and united thought on the part of those who are deeply interested in the business and financial welfare of our nation, the act may be so amended as to make possible a comprehensive system which shall include all of the banking institutions in the country. Until such a time, and in view of the check collection arrangement referred to above, non-member banks must adopt some method whereby their checks may be accepted at par anywhere.

"It will be recalled that on April 3, 1899, the New York Clearing-House Association put in force a rule requiring all members of the Clearing-House to make a definite charge for the collection of checks drawn on banks or trust com-

panies outside of the city of New York; and that on December 4, 1912, this rule was modified so as to make the charge discretionary with the collecting bank for items received payable only at banks and trust companies in the States of Massachusetts, Rhode Island, Connecticut, New Jersey and New York (other than those located in Albany and Troy), which will respectively engage themselves in writing to the manager of the New York Clearing-House over the signature of the president, cashier or treasurer, to remit to the members of the New York Clearing-House Association, or non-members clearing through such members, at par in New York funds, on the day of receipt. This rule is still in force.

"In view of the proposed plan of the Federal Reserve Board, referred to above, and in accordance with the New York Clearing-House rule, as quoted, the Guaranty Trust Company of New York proposes the following plan for maintaining the integrity of non-member checks in the State of New York:

"1. The Guaranty Trust Company offers to non-member banks in the State of New York the privilege of printing or stamping on all of their checks the words, 'Collectible at par through the Guaranty Trust Company of New York.' By this means the instant such check is drawn it becomes as good as New York exchange.

"2. In return for this privilege the non-member bank shall be expected to maintain with the Guaranty Trust Company a compensating account, on the daily balances of which two per cent. interest will be allowed.

"3. When checks are received by the Guaranty Trust Company, either through the Clearing-House or direct from individual or bank customers, such checks will be charged direct against the account of the bank on which the checks are drawn and forwarded immediately to such bank."



THE BANK'S BOARD CONSIDERING THE INVESTMENT OF SURPLUS FUNDS

Too Much Money; or, Selecting Investments

Dictagraphic Report of a Recent Meeting of the Directors of the Brown National Bank

By M. A. TRAYLOR, Vice-President Live Stock Exchange National Bank, Chicago

Board of Directors:

Darius Brown, President, formerly sole owner banking house of Brown & Brown.

H. S. Williams, Cashier.

J. J. Adams, Druggist.

E. M. Davis, Mayor of Boonville and proprietor of Century Department Store.

W. M. Spurling, President, People's Lumber, Hardware & Implement Co.

A. J. English, farmer and stockman.

MEETING called to order by President Brown and usual formalities concluded. Cashier Williams submits his monthly report showing excellent condition and steady increase of business—particularly in savings deposits and new accounts opened—no doubtful or bad paper, no losses charged off, no unusual items of expense—but a noticeable large amount of idle money on hand.

MR. WILLIAMS: Gentlemen, I desire to point out to you that in spite of our apparently prosperous condition and the steady increase in the amount of business handled by our institution, the earnings do not proportionately increase; in fact, we have during the past month fallen short in this respect of the corresponding month of last year, and it is the solution of this problem that I think we would do well to discuss at this time. Our early struggle to find funds to finance the agricultural development of our community and the young industries of our city ended long ago; in a word, our citizens have

grown rich and no longer need to borrow. In fact, they have themselves become lenders, compelling us to pay interest on their steadily accumulating balances for a large part of which, as our statement shows, we have found



PRESIDENT BROWN

no profitable employment. Observing these facts as I have, gentlemen, it has become obvious to me that this bank has reached the point in its existence where it can no longer find a legitimate outlet for its funds in local channels. Shall we continue as in the past to content ourselves with the meager earnings accruing from the decreasing demands from our old and well-known customers, or shall we, as I strongly recommend, enter the larger field of



CASHIER WILLIAMS

outside investments, and there purchase such offerings as may meet our requirements from time to time. We've got too much money, gentlemen, and to my mind it should be put to work. May I have your ideas on the subject?

MR. BROWN: Mr. Williams, I fully realize and appreciate your efforts of past years in building up the business of our institution and heartily congratulate you upon the successful management of its affairs. I think all of us are fully aware of the situation as you have outlined it, and that it is our desire as well as our duty to our other stockholders to keep our funds profitably employed as far as possible. I am also aware that there are many communities where the demand for capital for legitimate development far exceeds the supply and where our surplus funds might be of great benefit. On the other hand, gentlemen, our sacred duty to our depositors binds us to the utmost

caution in extending loans to individuals or concerns outside of our local sphere where it has become unnecessary for us to even require security from our old and tried customers. My motto has always been "Safety First," and I should strongly urge that this be our first consideration in seeking, as now seems necessary, outside employment for our surplus funds. Personally, I feel that the bonds of the United States or of this State or county, or of even this city offer the most desirable method for the satisfactory accomplishment of the end we desire. Their solvency can not be questioned—their proceeds are used for public and beneficent purposes, and the return to us on such an investment, while not large, is certain.

MR. DAVIS: I quite agree with Mr. Brown, yet I doubt the advisability of purchasing any large amount of bonds, not that they are not amply secured and would yield a fair return, but they are long-time obligations and in times of depression, which seem frequently to occur, we might find difficulty in disposing of them without a loss, although their sale at such a time should be most desirable, if not a necessity. Now, I have a letter from Mr. John Woods, president of the Woods Wholesale Dry Goods Co. at Bunceton, from whom, as you gentlemen know, I have been buying goods for twenty years, in which he tells me that his business has grown to such proportions, and his credit standing has become so well and favorably known, that he no longer finds it necessary to borrow money from his local bankers, securing the loans by bills receivable in the old way, but that he now simply issues his company's notes, adds his personal endorsement and sells the paper through his brokers. For my part, I do not think we could do better than to get in touch with Mr. Woods' broker and purchase some of his paper. I know John so well and have such confidence in his integrity, that I would not hesitate to take his loan for our limit.

MR. ADAMS: Well, gentlemen, this discussion appeals to me as a rather unusual coincidence. Last week, when



DIRECTOR DAVIS

I was in Winston, Mr. Howard, vice-president and general manager of the Woodson Wholesale Drug & Supply Co., told me that his firm has for the past two years been doing their financing in exactly the same manner as described by Mr. Davis and that this method of handling their business has proven so much more economical from the standpoint of interest cost, and that their line of credit has become so much larger, that they have been able to extend their business to almost double their former totals and that they expect a corresponding increase this year, all due to this modern and up-to-date method of placing their paper. I do not question Mr. Davis' good opinion of the notes of Mr. Woods' Company; but I do think, if we are going in for loans of an outside character, we should try to obtain some of the paper of the Woodson Wholesale Drug and Supply Co. You know, as I do, that they are splendid people and they are evidently making a great deal of money, as they are just now completing an enormous

fire-proof building for their new home.

MR. SPURLING: Gentlemen, the entire subject is new to me. However, in this instance, as in the past, I want to be in thorough accord with the majority of the board, and if the paper mentioned by Mr. Davis and Mr. Adams is found upon investigation to possess the elements of soundness and security which we have commonly required of our borrowers, I should favor its purchase; if not, I would recommend a further search, possibly an inquiry of our reserve city correspondents for advice and suggestions.

MR. BROWN: Mr. English, we would like to have your ideas on the subject.

MR. ENGLISH: Mr. President, I am just a farmer. I don't know much about loaning money in the manner mentioned by the other members of the board. As a general proposition, I don't like the idea of taking any man's note for very much money without getting some kind of security that I know something about; but maybe such business is all right, and I am willing to be governed by the action of the board. Now, if it was a question of a loan on a hundred head of good steers, I'd know what to say, because I'd *know* it was



DIRECTOR ADAMS



DIRECTOR ENGLISH

good, but when it comes to drugs and dry goods, I'm willing to listen and be shown.

MR. WILLIAMS: Mr. English's suggestion brings us to the point which I have had in mind for some time and which was primarily my reason for starting this discussion at this meeting. I have recently noticed in the various banking journals a number of well-written articles treating on the general live-stock situation, particularly with reference to the cattle industry and its financing. Becoming interested in this latter phase of the proposition, I took the liberty a short time ago of writing to one of the oldest and largest live-stock banks in the country for some details with reference to the method of making and supervising cattle loans. I have their reply, and if there is no objection I would like to read a portion of what they say, as it strikes me that such loans offer a particularly desirable field for our extended operations. Their letter is both courteous and comprehensive. "To begin with," they say, "the loaning of money upon the security of cattle is not a new excursion into the fields of diversified financing. The history of loans so secured dates from and parallels the development of all that

great territory of the United States west of the Mississippi River. In very early days the volume of the business was small and was most naturally handled by the local banker with such occasional assistance as he could obtain from his correspondents in the larger cities, usually of his home State. With the organization of stock yards companies, the concentration of marketing facilities and the centralizing of the packing industry, there came into existence a number of banks known as live-stock banks. These banks specialize in cattle loans; in fact, handle very little of any other character of paper. Considering that some of these banks have been doing a steadily increasing and prosperous business for almost half a century (our bank is now entering the eighth year of its third national charter) it cannot well be maintained that cattle loans are a new species of investment, nor do we think an investigation would disclose that they have proven more hazardous than the loans made by the average commercial bank. The methods employed in making cattle loans differ little from the ordinary routine followed by prudent banks engaged in other lines of financing. When an application is received, if the applicant be a new customer, or if credit information at hand is not complete or satisfactory, a sworn statement of financial condition is required; assuming that further consideration of the application seems warranted, his schedule of assets and liabilities, their value and amounts, are carefully checked through the commercial agencies and by direct correspondence with bankers and others acquainted with the applicant, and familiar with the facts. When thoroughly satisfied as to a prospective borrower's honesty and integrity, his financial responsibility and his knowledge and experience in the cattle business, our salaried supervisor is sent to inspect the security offered, to ascertain if it is in kind, number and location as represented, if marks and brands are correctly given, if provision for grass, water and feed is ample, and the probable market value thereof. If

his report and recommendations are favorable, the loan is consummated by the execution of a note having a maturity of not exceeding six months for the amount desired and by the proper execution and delivery of a chattel mortgage, by the borrower, conforming in every essential to the laws of the State wherein the security is situated. The mortgage carries a definite description of the debt secured and information in detail of the security pledged, with the location thereof. The original of this mortgage is placed on record in the State and home county of the borrower and also in the county or counties where the security may be located."

MR. DAVIS: Just a moment. Does the writer mean to say that his bank makes loans in more than one State? If so, how do they keep up with their business?

MR. WILLIAMS: That's covered in the next paragraph: "Because of the fact that cattle are largely produced in the South and Southwest and are finished for market in the Central West and Northwest, we find our greatest demands for loans in these sections, and just as the outlay for the original production of an article is usually larger than the cost of putting on the finishing polish, we find our principal demand in the Southwest. Our business in that section is so large as to require the entire time of an expert who resides in Texas and who has no other duties than the careful inspection and supervision of the security back of our loans. He visits each borrower at least once during the term of his paper and more frequently if conditions of the security or the preparations for its care and protection seem to warrant. In other sections of the country, where our loans are not so numerous, this inspection work is done by competent parties, especially employed in each community."

MR. ADAMS: Even with that precaution, I can't see what assurance they have that the borrower will not sell or dispose of the cattle without paying his note.

MR. WILLIAMS: On that point the writer says: "In addition to the employment of our field man, we have memberships in the various State cattle raisers' associations. These associations include in their make-up the majority of the most reputable cattlemen in their respective States. Members file with the secretary of the association to which they belong a list of the special marks and brands used by them to identify their cattle. These brands are considered the private trade-mark of the party filing same, thus avoiding confusion of ownership. We also file with the association a detailed description by ages, brands and location of all cattle upon which we make loans. These associations maintain in each of the larger markets of the country men known as brand inspectors. These men are furnished with the information which we have given the association and are thereby enabled, and it is their duty, to advise us when any cattle bearing our brands are offered for sale, and to at once inform the commission merchants to whom the cattle are consigned of the existence of our mortgage. Since, by law, the commission man is responsible for the proper accounting to the mortgagee for the proceeds of mortgaged property which he may sell, he is very prompt to see that such proceeds are forwarded to us. In addition to the market brand inspectors, the various associations have large numbers of field men or local inspectors, who furnish regular reports of shipments to the markets, local trades between cattlemen, range conditions, etc., through whom we would get advice of anything irregular affecting the disposition of our security, which contingency, however, has never arisen.

"Considering these safeguards and precautions and the further fact that the day of the open range is passed—all ranches being now under fence—and with it the irresponsible and lawless cow-man, we feel that the permanence of location of our security and the receipt of the proceeds thereof are as reasonably assured to us as would be possible of any other security."



DIRECTOR SPURLING

MR. SPURLING: Granting all the gentleman says be true, isn't it possible that disease might wipe out a herd of cattle at any time? What protection have they under such circumstances?

MR. WILLIAMS: That is covered by the paragraph I am reading, which says: "Of course, some question of apprehension might arise because of the recent outbreak of the foot and mouth disease or some other epidemic which might destroy our security. As to the foot and mouth disease, the death rate, under the most favorable conditions, is less than three per cent. Furthermore, this disease has been confined almost entirely to cattle in small enclosures, chiefly dairy herds, on which we do not make loans. As a matter of fact, not a case has been reported in any of the principal ranch States; while all cattle condemned and killed by proper authority have been paid for at the market price for beef stuff by the Government. Owing to the strenuous measures for the suppression of this disease, it is now practically eradicated and we believe that all traces of it will soon be wiped out. As to other diseases, we can be governed only by the past which presents an unbroken history of more than fifty years of no loss of any consequence from any cause."

MR. BROWN: Their method of making and supervising their loans strikes me as extremely careful and business-like. Do they say anything in regard to the general market for cattle, and whether or not they offer such paper for sale, and if so upon what terms?

MR. WILLIAMS: The letter closes as follows: "Summing up briefly the entire proposition, we believe that a commodity so essential as a food product as is beef, either on the hoof or on the block, is the best security obtainable for the loan of money. Panics may come and go, prices on the stock exchange may fall with a crash, the market may be suspended and security values decline until margins are exhausted, and principal is lost, but as long as people can obtain food they will eat, and a goodly portion of their rations will be meat, and just as that demand comes fresh every day, so is there a market every day for cattle of every description, old and young, fat or lean. As cattle sell, the loans they carry are automatically liquidated, thereby rendering such loans, in our opinion, the best investment in the world for a truly commercial bank. In common with most live-stock banks, we operate in connection with ours a cattle loan company, through which we offer cattle paper in the open market; such paper bears the endorsement of the loan company and is subject to the usual options for checking. Should you be interested in the purchase of any of this paper we would be very pleased to hear further from you."

MR. ENGLISH: Gentlemen, as I said at first, I know something about loans on cattle. Those people seem to know their business, which I think is the chief consideration from our standpoint. We've got to have some paper. We should get the best. I therefore move that our cashier be instructed to write the bank from which he has this letter for a list of the paper they have for sale, and that he purchase from them from time to time such paper as we may need.

Motion unanimously adopted, and instruction complied with.



MELVIN A. TRAYLOR
VICE-PRESIDENT LIVE STOCK EXCHANGE
NATIONAL BANK, CHICAGO, AND
PRESIDENT CHICAGO CATTLE
LOAN CO.



WILLIAM A. HEATH
PRESIDENT LIVE STOCK EXCHANGE NATIONAL
BANK, CHICAGO, AND VICE-PRESIDENT
CHICAGO CATTLE LOAN CO.



GATES A. RYTHUR
VICE-PRESIDENT LIVE STOCK EXCHANGE
NATIONAL BANK, CHICAGO, AND
TREASURER CHICAGO CATTLE
LOAN CO.



GEORGE F. EMERY
CASHIER LIVE STOCK EXCHANGE NATIONAL
BANK, CHICAGO, AND SECRETARY
CHICAGO CATTLE LOAN CO.

OFFICERS LIVE STOCK EXCHANGE NATIONAL BANK, CHICAGO, AND CHICAGO CATTLE
LOAN CO.

New Governor of the Dallas Reserve Bank

FOLLOWING the resignation of Oscar Wells as Governor of the Federal Reserve Bank of Dallas, to become president of the First National Bank of Birmingham, Ala., R. L. Van Zandt has been promoted from the position of Vice-Governor to that of Governor. J. W. Hoopes, heretofore cash-

United States and was instrumental in bringing about the annexation. Van Zandt County was named for his grandfather.

The new Governor of the Federal Reserve Bank of Dallas is himself of wide banking experience. He was elected Vice-Governor of the Dallas bank at the organization meeting of the board of directors October 30, 1914. Mr. Van Zandt at that time was a national bank examiner.

When the National Currency Association was organized in Dallas Mr. Van Zandt came to Dallas from Fort Worth and rendered valuable service in getting the association to working smoothly. He is an organizer and recognized as such among bankers of the Southwest.

Mr. Van Zandt was born in Fort Worth December 1, 1871, and grew to manhood in that city. He was educated in private and public schools and graduated from the Texas Agricultural and Mechanical College in 1890. He took a post graduate course of one year in civil engineering at Rensselaer Polytechnic Institute at Troy, N. Y. His banking career began with the Fort Worth National Bank in 1891, with which institution he remained until 1901. He was married in 1898.

Judge J. F. Cooper of Dallas is Mr. Van Zandt's father-in-law, and when he was appointed on the Supreme Bench of the Philippine Islands by President William McKinley, Mr. Van Zandt left the bank in Fort Worth to accompany Judge Cooper to the islands. He took the civil service examination and was appointed disbursing officer for the Department of Education. Following the establishment of civil government in the islands Mr. Van Zandt was detailed to work out plans to install a "cashroom," or Government banking department, along the same lines as the one in the



R. L. VAN ZANDT
GOVERNOR FEDERAL RESERVE BANK
DALLAS, TEXAS

ier of the Federal Reserve Bank, succeeds Mr. Van Zandt as Vice-Governor.

Mr. Van Zandt comes from a family of illustrious men. His father is General K. M. Van Zandt of Fort Worth, soldier and banker, and his grandfather was Isaac Van Zandt, who was minister from the Republic of Texas to the

Treasury Department in Washington. He remained with the banking department for two years and while on the islands closed and wound up the affairs of the first bank ever closed by the United States Government authorities in the Philippine Islands. With Mrs. Van Zandt he came back to the United States in the fall of 1903 and while in Fort Worth was appointed receiver of the Farmers National Bank of Henrietta, Texas. He resigned the position with the Philippine Treasury Department. In January, 1905, the American National Bank at Abilene,

Texas, failed and he was appointed receiver and it was in May of the same year that he was appointed national bank examiner, without knowledge to himself of the appointment until after it had been made. In this position he covered practically all of the States of Texas, Arkansas, Louisiana, Tennessee and Southern Oklahoma. In 1918 he was unanimously elected clearing-house examiner for the city of New Orleans, but declined. He resigned his position as bank examiner November 1, 1914, to accept the Vice-Governorship of the Federal Reserve Bank.

The War and After

DISCUSSING the business situation, the monthly letter of the People's National Bank of Pittsburgh says:

"The subject that occupies the minds of experienced business men on the western slope of life is not the near future covering say the ensuing three or four months, but probable conditions existing during the last half of the year and after. Because the paralyzing fear that existed in August and September over the state of international exchanges and the threat of overwhelming foreign liquidation of American securities, has given place to a feeling of complacency in our position in this respect, there is disposition to assume that we shall be equally fortunate no matter how the European war eventuates.

"The superficial observer points to the fact that there has been no foreign liquidation to speak of, and that whereas between April and July, both inclusive we had an adverse trade balance of \$20,000,000, from August to December both inclusive we had a favorable trade balance of more than \$300,000,000, and that the current is still running in favor of the United States. Giving full credit to the strength of this argument—and it is a strong argument—it is only one fac-

tor in a problem of magnitude and intricacy that has never been paralleled. Recognized authorities have recently expressed diametrically opposite views as to the effect of admitted causes, and have cited historic precedent in support of their respective positions; but they appear to ignore that steam, electricity, the wireless, the camera, and the press have combined to bring all the great nations into one commercial family and under one roof, so to speak. For illustration, Fifth avenue may be oblivious to a fire raging in the mill district, or to a riot in the mining district; but if fire and riot occur at the door of your home or counting house, or a great insurrection involves an entire community, the danger and loss are imminent and impressive. In a sense, former national conflicts with which the present generation is familiar through experience or reading, cannot be used in comparison with the world conflict of to-day, which affects every member of the family of nations.

"In its bearing upon finance and trade this much is admitted:

"The amount of usable capital which the whole world saves and converts into the form of negotiable securities (stocks

and bonds) approximates \$4,000,000,000 per annum. Part of this annual sum represents Government borrowings for non-productive purposes; but the greater amount represents additions to the world's production of the necessities, comforts and luxuries of life. In the past six months the nations at war have authorized more than \$9,000,000,000 of loans and have actually issued about \$7,000,000,000. In the past week the cable reported that a conference of financial representatives of England, France and Russia was being arranged with the object of discussing a proposed joint war loan of \$3,000,000,000. Excluding the latter, it may be said that European nations have already absorbed the world's average savings for two years, and are applying this capital to the work of destroying the lives and commerce of each other. Will the diversion of this sum from the ordinary channels of production increase or diminish the cost of capital in neutral countries?

"The external trade of Germany under normal conditions is in excess of \$4,000,000,000 per annum, and its carrying trade ranks second only to that of Great Britain. In the past six months the Empire's ocean commerce has almost disappeared from the seas. A much smaller but nevertheless very material reduction in the external trade of the other belligerents has taken place. Now, shall the United States invest new capital in providing additional facilities for taking up the markets temporarily dropped by the great commercial nations at war? If the answer is yes, what are the prospects for the safety and profitability of that capital in the event of Europe's competitive fight after the present war to retrieve her lost markets?

"The producing classes of Europe are being inured to hardship, to personal economies, as never before. The men on the firing line and in every department of war supply are being trained to discipline, to recognition of authority, as never before. It may be assumed that even the most radical elements of social unrest that have been swept into the ar-

mies are subservient to the law of military necessity. When peace comes, will the effect upon the individual remain at least temporarily, and what will be the effect upon the cost of commodities produced by this impoverished and disciplined labor that must be disposed of in competitive markets? That is, if the foreign workingman is forced to live frugally, to work longer hours and for less wages, to consume less; and if invested foreign capital, owing to consequential war burdens (assuming that there is no repudiation of national obligations) is also forced to accept a lower percentage of profit, what will be the outcome of the bloodless struggle for markets? Will the more or less extravagant and high cost producing methods of the United States win on unfamiliar ground like South America and the Orient against the experience and newly-imposed necessity of Germany, France and England? Will tariff revision, unaccompanied by readjustment of costs all along the line, help us to keep what we may acquire during the war after peace is declared?

"The duration of the war is another factor to be considered by American capital. Recently intimations have come from divergent sources, official and unofficial, which agree in foreshadowing a protracted struggle. If these are confirmed by time, and if the United States should again harvest abundant crops, a solution of the problems referred to may be postponed, and this country may experience a decided revival in business during the last half of the year and into 1916. If the war should end in a draw this spring or summer, however, then the problems will press for immediate solution.

"It is the profound uncertainty of this altogether unprecedented situation that restrains actual business from keeping pace with the urgings of optimism. In some degree it will influence new capital undertakings to remain in well-tried and familiar fields, and it will prompt the custodians of banking credits to maintain even a more liquid condition until the war clouds pass."

Banking Publicity

Conducted by

T. D. MACGREGOR

Advertising at Home

How to Use Opportunities Within the Bank's Building

IN the portion of the March "Journal of the American Bankers Association" devoted to the Savings Bank Section, some good advice was published as to the methods bankers may use to help along the thrift campaign and advertise their own institutions.

Part of it follows:

The kind of "home" advertising that is best adapted to the organized thrift campaigns undertaken by this Section is the kind that the railroads have been indulging in during the last year or two.

For instance, all railroads have been presenting their case in a clear and forceful manner in time tables and folders and in all other literature incidental to their business. The Pennsylvania Railroad has gone even further, and every station of this great system is furnished with placards which explain what the road is doing for the improvement of its service; what it is doing for its employees; what its plans for the future are. The placards are changed from time to time, yet each retains the central idea, which is to convince the public that the needs and demands of the railroad are not unreasonable and are for the ultimate good not only of the railroad but of the people who use it.

Why not a monthly placard in your bank corridor or at your tellers' windows? Your customers are bound to read them, and if the message is forceful and well told, you have reached the very man you want to reach and in the right way. It is common knowledge that not more than ten per cent. of your savings depositors know anything about banking. Why not tell them something? Why advertise "Put your idle money to work; we pay 3½ per cent. interest on Savings Deposits," and stop there? Tell your depositor how you put his money to work; he does not know. Tell him how homes are built or bought with borrowed

money; how factories and railroads are financed; how the local industries that give him employment could not operate unless some one had saved money. Keep the central idea in his mind that the bank is more than a storehouse for savings. Acquaint him step by step with the fact that the bank is as necessary to him as the railroad or the school. Do not preach thrift as an abstract virtue, but as a concrete necessity.

We do not presume to understand the psychology of advertising, but we do believe a valuable opportunity is lost in not presenting to the savings bank depositor, while he is in your bank, the desirability of saving more and saving regularly. The bank always interests him while he is inside. It is a constant mystery. What becomes of his money? How is he to know that it is safe? How does interest accumulate? And yet, as he stands in line waiting to make his all too infrequent deposit or seeks to withdraw the money which would better remain on deposit, the bank lets slip this most opportune time to give him the very information he needs most.

The best advocates of thrift are those who are thrifty; who keep savings bank accounts and thus establish and maintain their self-respect. Put into their possession the sound arguments for thrift, and you may be sure they will pass the word along to others. Not only will you thus serve the community and the bank, but you will go far toward allaying that increasing distrust and fear of banks that the untaught usually labor under.



Banks Ought to Advertise

Dr. Frank Crane Gives Some Cogent Reasons

REV. DR. FRANK CRANE, whose words of wisdom are read daily by many thousands of newspaper readers in various parts of the country, got hold of three booklets by Fred Ellsworth of the Guaranty Trust Company of New

York the other day entitled respectively, "Why Banks Should Advertise," "The Bank and the Newspaper," and "Does Bank Advertising Pay?"

The idea of a bank advertising seemed to strike the good doctor as a brand new one and he puts his brawny shoulder to the wheel in this wise:

Banks ought to advertise.

They need it as much as do theaters, groceries and clothing stores.

Whoever has something to sell ought to let the people know of it. A bank has service to sell.

The more people are informed of it, the more business it does, the larger is its field of usefulness and the greater its profits.

The day is past when advertising, any kind of advertising, was deemed undignified. It is no longer wise for bank directors to refuse all advertising for fear the public will think their institution is unsound and crying for money.

Advertising does not mean essentially that you are trying to fool the people, to lure them into some sort of shell game. In fact every reputable newspaper discountenances that sort of thing. Newspapers do the best they can to protect their readers against fraud.

Newspapers are becoming more and more straight business news. That's what the advertising columns of a newspaper are—news about business, just as in other columns you find news about society, politics and the like.

The bank is a part of every man's business. It is the silent partner of every going concern. Its prosperity is impossible without general prosperity. Its embarrassment spells trouble for every merchant on the street.

The newspaper is an established institution in every community. So is the bank. Both are primal necessities.

Why should they not work together?

Men naturally turn to the paper to see what is doing, what are the business opportunities, where and what to buy and sell.

Its columns are the streets of the town. The bank's shingle ought to be hung out on that street.

Without extravagance, without overstatement, without tomfoolery, in a sensible, manly way, the banker ought to let his place of business be known.

Further, he ought, by judicious and shrewd suggestion, to show the people the advantage of having a bank account, the other uses they can make of a bank, and the general good that co-operation with a bank may do them.

Fred W. Ellsworth of the Guaranty Trust Company of New York, has published three little pamphlets which I imagine may be

had for the asking, or at least for a pittance, that contain some mighty rational and up-to-date ideas on how the bank can use the newspaper. They are "Why Banks Should Advertise," "The Bank and the Newspaper," and "Does Bank Advertising Pay?"

A bank ought to be conservative and dignified, but it ought also to be wide-awake, alert to seize and test a new idea, and to adopt it if it is found valuable.



Comment on Reproductions

Los Angeles Trust and Savings Bank.—This is a good example of personality in bank advertising. We wish to shake hands with Mr. Drake for his courage, in ignoring the foolish custom which has prevented the president of a big bank from having anything to do with its advertising. This is a good idea, but is "sermons" the happiest word for the little quotations in this series?

Albany City Savings Institution.—The good points of this ad. are strong and distinctive border, good cut of building, very prominent assets and interest rate, and "a few well chosen words."

The Bank of New York, National Banking Association.—A good birthday advertisement, but, if our advice had been asked, we would have dropped the display signature of the bank down near the bottom, and let the officers and directors go down there, too. Then we would have had a display heading in two lines of the same size and style of type reading, 131 YEARS AGO TODAY ALEXANDER HAMILTON ORGANIZED THIS BANK. The rule we go by in writing bank newspaper advertisements is this—"An interesting headline and the name of the bank at the bottom." This is illustrated by four of our advertisements in this group, viz., those heading "Times Without Number," "Saving and Life Insurance," "The Strength of Union," and "How to Build a Bank Account."

Merchants National Bank.—It is a good thing occasionally for a bank in its advertising to face the life insur-



Little Sermons on Saving
No. 1—
By J. C. Davis
Financial Trust and Savings Bank

Mr. Davis, President of the First National Bank of New York, has written this little book which is a most interesting and instructive study of the subject of saving.

SAVINGS account insure your present made of living during a considerable old age—provision must be made for the unearned years. If you come near and open a Term Savings Account with this bank, you will be taking out insurance against the unexpected. The form of deposit pays 4% interest, compounded semi-annually, and \$1 is sufficient to start.

First National Bank
South and Spring Streets
Branches: Second and Spring, First and Canal Aves.
125 South Street

THIS SAVINGS BANK
It is CONSERVATIVELY and without any DEVIATION paid



4%

Interest since January 1, 1901, and CONTINUOUS to pay interest on that rate.

ASSETS
Jan. 1, 1910 **\$11,785,509.73**

JOHN E. WALKER, President
WM. S. WACKET, Treasurer

Albany City Savings Institution 100 STATE STREET Albany, N. Y.

131 Years Old To-day
Organized by Alexander Hamilton
March 12th, 1784

The Bank of New York
NATIONAL BANK ASSOCIATION

DIRECTORS
HERBERT L. GRIGGS, President
JOSEPH KATZBERG, Vice-President
JOHN D. MACDONALD, Treasurer
CHARLES HENRY, Secretary
JOHN D. COOPER, Chairman of the Board
APTON A. BAYEN, Chairman of the Board
WILLIAM C. LEVERETT, Chairman of the Board
WILLIAM C. LEVERETT, Chairman of the Board
WILLIAM C. LEVERETT, Chairman of the Board

Conducted in accordance with the best traditions of banking for service and safety, as one result of this policy 262 consecutive semi-annual dividends have been paid to stockholders.

In addition to the usual banking accommodations which we grant to clients, a long experience in foreign business makes our services of especial value at this time.

We have been in close business relations with the Argentine and Brazil for over 40 years, handling both imports and exports, and have every facility for financing such business for our depositors.

The Oldest Bank in the State
CAPITAL & PROFITS \$10,000,000

Saving and Life Insurance

Every man with dependents should insure his life. But no man should die until he has made provision for his family. All the saving I can do is to pay my life insurance premiums.

Save at the Merchants National Bank for a time when, without savings, it might better you to keep up your insurance payments. But as that you need some extraneous your policy or better on it. Save for insurance and opportunity. Save to insure, for life insurance is a provision, never an investment.

Merchants National Bank
Capital \$2,000,000 Surplus & Profits \$2,300,000
Savings Plan—Minimums
THE BANK OF PERSONAL SERVICE

The Strength of Union

Individuals, firms and corporations will not carry accounts with the Federal Reserve banks, but the thousands of them are to be received by them through the member banks (in which this bank is one) with which they may have dealings.

Heretofore, in time of stress, each bank of necessity concerned its own resources to protect its depositors and borrowers. Now the resources of each member bank are so coordinated and centralized that there is no further necessity for such action, their resources, being placed in a common fund, so to speak, for the benefit of the whole.

THE FIRST NATIONAL BANK
Grand Forks, N. D.

Times Without Number

IN THE TWENTY FOUR years of its history, the Bank of Colville has endeavored the business interests of its depositors in a special way, providing them from loans, advising where advice was needed, and extending just the kind of help required.

The stability of this bank and the confidence of the public in it are due not only to its great financial strength but also to the ability and integrity of the men both of the bank as officers and directors.

The Bank of Colville
Capital \$200,000

Like Tennyson's Brook

It is Nature's law that all men must die but this strong Company goes on forever. That's one of many reasons why we can serve more effectively and satisfactorily than any individual as trustee or guardian of your estate. Let us explain.

THE UNION TRUST COMPANY
OF PITTSBURGH, PENNSYLVANIA
See Fourth corner
CAPITAL & SURPLUS
\$33,500,000.00

A Tale of Two Widows
No. 1



This woman's husband died and she was left a widow. But it was the friend's first experience. He said he made mistakes.

Be sure the one you select as your trustee or guardian of your estate is a man of proven ability and integrity. The Union Trust Company is a man of proven ability and integrity.

UNION TRUST & SAVINGS BANK
THE FIRST NATIONAL BANK BUILDING
Central 5000.000
Baltimore, Washington

52 WEEKLY SAVINGS

HOW TO BUILD A BANK ACCOUNT

FIRST—Work industriously and try to earn as much money as you can.

SECOND—Set aside a certain fixed sum every week to your automatic saving.

THIRD—Deposit that money in the bank which offers most.

This is the "WEEKLY SAVER" method of getting ahead.

You will be a sure winner if you adopt it.

This bank will help you with saving suggestions, give you confidence by safeguarding your money and re-margine you by paying compound interest on your deposits.

The Peoples National Bank
LEBANON, PA.

EVERY ONE OF THESE WILL REPAY STUDY

ance question squarely. There is no reason why the savings banks and the life insurance companies should not cooperate. Insurance is an incentive for saving and saving for insurance premiums ought to be done through a bank account. But carrying life insurance is no excuse for not saving more than the premiums and it is the bank's duty to emphasize that fact.

The Bank of Colville.—This ad., the original size of which was 3 columns by 9¾ inches, is a magnificent example of the good results which can sometimes be

obtained in small town newspapers. It is a well set and well displayed announcement. Furthermore, it had a splendid position, being flanked by a 2-column article on "Banking in the United States."

The First National Bank.—There is still profound ignorance on the part of the majority of people as to the new banking system, and bankers can well use some of their advertising space to let in a few rays of light on this dark subject.

The Union Trust Company.—Hard

to beat this as a trust company ad. But there may be quite a few persons who never heard of Tennyson's brook. Entirely independent of this advertisement the editor of this department had written one on the same theme, as follows:

IT GOES ON FOREVER.

The permanency of an institution like the Title Insurance and Trust Company is one of its strongest claims upon the consideration of the man about to make his will and appoint his executor.

A trust company like this lives to carry out the longest trust. Its efficiency is unimpaired by the mutations of time. It grows stronger year by year through its accumulated experience. And all the time it operates under the strictest state supervision, and in conformity with the stringent laws covering the handling of trusts.

Union Trust and Savings Bank.—Another "look on this picture and then on that" or "before and after using." Tale No. 2, which does not appear here is a happier one, representing as it does a home protected by a trust company as executor. This is effective advertising by one of the very best bank advertisers in the country.

The Peoples National Bank.—The "Weekly Savers" idea gives something concrete and definite around which to build a savings campaign in a community. The only superfluous thing in the ad. is the triple rule separating the text from the bank's signature.



How Banks Are Advertising

Note and Comment on Current Financial Advertising

A SERIES of "Safetygrams" from the St. Louis Union Bank recently appeared in the St. Louis newspapers. One of them read:

SAVINGS MESSAGE No. 8.

Safety Seeker—St. Louis.

Eighteen men—successful as executives of large corporations and in directing important financial affairs—have been chosen as Directors of St. Louis Union Bank, Fourth

and Locust, to safeguard your savings. Consider exceptional safety offered; then open your savings account there. Only one dollar necessary.

PRACTICAL ADVISER.



"The Bank That Backs the Homes" is the title of a folder of the Cleveland Trust Company reproducing a clipping from a local newspaper containing a comparison of the various Cleveland banking institutions in the matter of loans on real estate mortgages. Naturally, this trust company stands at the head with 1,186 loans in a year compared with 777 for the nearest competitor.



Henry M. Lester, president of the National City Bank of New Rochelle, N. Y., is sending out with the samples of his advertising matter to the members of the Advertising Exchange a neatly printed slip reading as follows:

To the Members of The Bankers
Magazine Advertising Exchange

FROM

THE NATIONAL CITY BANK

OF NEW ROCHELLE

HENRY M. LESTER
President



On account of its name, the Hibernian Savings Bank of Los Angeles makes a special feature of St. Patrick's Day. On the 17th of last March it had eight pretty girls at the bank to give away 20,000 potted shamrocks and 20,000 Irish flags.



"Permanent as the Pyramids" is the somewhat alliterative title of a booklet issued by The Home Building Association Company of Newark, Ohio. The booklet is well illustrated, printed in two colors, so that its logical and convincing message is well presented.



"The Romantic History of Our Numerals" is one of a series of booklets being issued by The First National Bank of Brooklyn. It tells in an in-

teresting way how we came by our numerals. There is also a little about The First National Bank in the booklet.

©

A "natural history" series of bank ads. is being used by the First Trust & Savings Bank of Muscatine, Iowa. Above the printed matter of the ad. appears a somewhat indistinct newspaper halftone cut two columns wide in which appears a dignified, top-hatted, frock-coated gentleman, evidently the grandfather and mentor of a little boy and girl who accompany him on his stroll through the woods. The sylvan and pastoral scenes are supplemented with sundry appropriate verses, such as:

THE ANT SAVES

"With perseverance the Ant's imbued,
He hustles daily for his food,
But stores away for future need—
A good example for us to heed."

THE SQUIRREL SAVES

"The squirrel, wise in Nature's lore,
For winter's coming, fills his store.
A lesson that we all may learn,
To put away part that we earn."

This is orthodox teaching all right, but it's too bad something happened to the squirrel's feet in the last line.

©

The Savings Department of the Exchange Trust Company of Boston ran this advertisement in local newspapers:

START YOUR GIRL

With a bank account—teach her the value and wisdom of saving. The time to learn to save is when one is young. You know this, but the child does not. You, as one of the prime factors in moulding her character and subsequent career, owe it to her to teach her this great truth.

Open a savings bank account for her to-day and encourage her to save her money. Later she will grow to know the value of what you have done for her.

Deposits go on Interest the Last Day of each Month.

Here we have a bank advertisement couched in true Bostonese language. In style it is far and away above the com-



AN UNUSUAL AND DISTINCTIVE EMBLEM OF A
"LIVE" BANK

mon or garden variety of announcement which banks in less favored regions are wont to use. After all it is simply a matter of adapting your style to your audience.

©

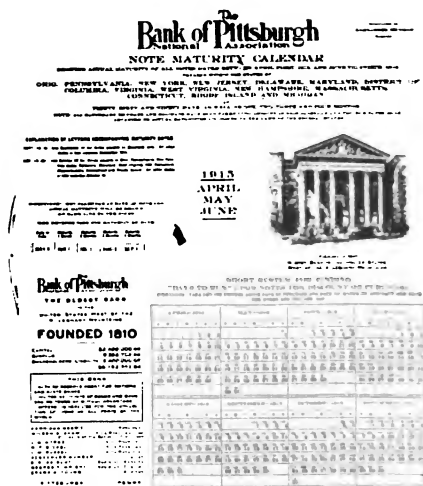
A pay envelope manufacturer sent us for criticism some of his envelopes prepared for banks to give to large employers of labor in their vicinity. Our comment was:

"The copy on these pay envelopes is good and we can see no reason why this shouldn't be excellent advertising for the banks that use it. Our only criticism is that it would be better to include a cut of the bank's building, thus locating the institution for the workmen, some of whom perhaps cannot read very well."

©

Just before the vacation season last year, the Safe Deposit Department of the Union Trust & Savings Bank, Spokane, issued a booklet with a title formed of the admonition, "Make Your Vacation Worryless." The gist of the booklet is contained in these paragraphs:

Nowadays the family can pack the silverware and the laces—the cut glass, china



INGENIOUS NOTE MATURITY CALENDAR

plate, costly rugs and paintings—into a bundle or suitcase and send them off to the Storage Vault while away from home.

The Storage Vault of the Union Trust is thoroughly modern and fire-proof. Its equipment has the flexibility necessary for the economical handling of such bulky household valuables.

With its movable shelves, and a freight elevator from the sidewalk to its door, it can accommodate trunks, boxes or barrels of almost any size.

⊙

The Cleveland Trust Company to advertise its fur-storage service issued a booklet named "Three Risks." There are three moths on the cover, but these aren't the three risks—only one of them. The other two are fire and theft. The last page in the booklet has a perforated edge and is to be filled in and mailed to the trust company as a request for a special messenger to call for goods to be stored in the vault.

⊙

The Second National Bank, Paterson, N. J., uses the slogan, "Safe and Substantial."

⊙

An excellent example of community service advertising is the pamphlet on "How to Make the Farm Pay," by F. R.

Crane of the Agricultural Extension Department of the Great Northern Railway. It is sent out by the Northwestern Trust Company of St. Paul.

⊙

The Bank of Pittsburgh, National Association, "the oldest bank in the United States west of the Allegheny mountains," is very up-to-date and practical in its advertising. Its cashier, Alexander Dunbar, has originated a very ingenious and handy note maturity calendar, the two sides of which are illustrated herewith. The cuts, however, do not show the "business" part of this valuable calendar, which is a circular piece of cardboard $9\frac{1}{2}$ inches in diameter, which revolves between the two parts of the calendar and shows the proper maturity date in a slot to the left of the little black hand in the cut. This is an advertising specialty whose usefulness insures it a long life wherever it goes.

⊙

The Spokane & Eastern Trust Company of Spokane, Wash., sends us a copy of an excellent pocket-sized booklet explanatory of the whole service of the institution. The booklet is clear

both in its literary style and its typography, and it is prefaced by this cordial paragraph:

If there is anything pertaining to our institution or with banking in general you do not fully understand, do not hesitate to come in and make inquiry. You will be introduced to a bank officer who will gladly make it clear to you. Our banking service is as complete as modern ingenuity is capable of developing, and we desire to give our friends the benefit of our knowledge and experience.



Bank Advertising Exchange

Those listed herewith are willing to exchange booklets folders and other advertising matter issued by them. Subscribers can get on this list free of charge by writing to the editor of this department.

Watch for new names and other changes.

F. R. Adams, Will Co. National Bank, Joliet, Ill.
 American National Bank, Richmond, Va.
 D. Ansley, care Central Trust Co., San Antonio, Texas.
 Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.
 A. F. Bader, publicity manager, City National Bank, Evansville, Ind.
 C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
 The Bankers Magazine, New York.
 H. C. Berger, Marathon County Bank, Wausau, Wis.
 C. J. Bevan, cashier, Exchange Bank, Genoa, Ill.
 E. L. Bickford, cashier, First National Bank, Napa, Cal.
 W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.
 R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
 Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
 Bank of San Rafael, San Rafael, Cal.
 E. M. Baugher, president, The Home Building Association Co., Newark Ohio.
 C. W. Beerbower National Exchange Bank, Roanoke, Va.
 H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
 T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
 J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
 F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
 E. C. Burton, vice-president, Penn. National Bank, Chester, Pa.
 Stephen L. Burwell, vice-president, First National Bank, Jackson, Miss.
 A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
 Citizens National Bank, Oconto, Wis.
 Commercial Bank, Midway, Kentucky.
 B. S. Cooban, 518 W. 63rd Street, Chicago, Ill.
 H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
 J. Stanley Corwin, Columbia Trust Co., 358 Fifth Avenue, New York, N. Y.
 Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

David Craig, Tradesmens National Bank, Philadelphia, Pa.
 Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
 H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
 Dexter Horton National Bank, Seattle, Wash.
 T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
 W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
 J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
 A. A. Ekirch, secretary, North Side Savings Bank, New York City.
 F. W. Ellsworth, publicity manager, Guaranty Trust Co., New York.
 Federal National Bank, Denver, Colo.
 The Franklin Society, 38 Park Row, N. Y.
 E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
 First National Bank, Lead, S. D.
 Jas. P. Gardner, Montclair, N. J.
 H. Gavere, asst. cash. of Scandinavian American Bank, Grand Forks, N. D.
 B. P. Gooden, advertising manager, New Netherland Bank, New York.
 C. F. Hamsher, First National Bank, Los Gatos, Cal.
 Victor F. Hann, manager publicity department, The Fifth Avenue Bank, New York City.
 J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
 D. L. Hardee, publicity manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
 E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
 John R. Hill, Barnett National Bank, Jacksonville, Fla.
 Jessamine G. Hoagland, publicity manager, National City Bank, Chicago, Ill.
 N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
 Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
 L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
 W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
 Theodore Joseph, Woodlawn Trust & Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
 N. W. Johnston, president, Illinois Trust & Savings Bank, Champaign, Ill.
 W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
 W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
 C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Grover Keyton, New Farley National Bank, Montgomery, Ala.
 Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
 M. R. Knauff, assistant cashier, Merchants National Bank, St. Paul, Minn.
 George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kans.
 Henry M. Lester, National City Bank, New Rochelle, N. Y.
 A. E. Lindhem, assistant cashier, Scandinavian American Nat. Bank, Minneapolis, Minn.
 L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
 E. B. McWilliam, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
 Ralph H. Mann, President Gloucester National Bank, Gloucester, Mass.
 H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
 Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
 H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.
 J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
 Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Will E. Morris, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
 E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
 Nebraska State Bank, Ord., Neb.
 Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.

Old State National Bank, Evansville, Ind.
 J. A. Overton, cashier, The National Bank of
 Smithtown Branch, Smithtown Branch, N. Y.
 R. B. Parrish, cashier, National Bank of Com-
 merce, Williamson, W. Va.
 A. E. Potter, president, Broadway National Bank,
 Nashville, Tenn.
 W. W. Potts, treasurer, The Federal Title &
 Trust Co., Beaver Falls, Pa.
 John W. Pratt, Real Estate Officer, The Kennett
 Trust Co., Kennett Square, Pa.
 C. W. Rowley, manager, Canadian Bank of Com-
 merce, Winnipeg, Can.
 Wm. J. Ruff, cashier, Luzerne County National
 Bank, Wilkes-Barre, Pa.
 W. W. Russell, cashier, First National Bank,
 White River Junction, Vt.
 George J. Schaller, cashier, Citizens Bank, Storm
 Lake, Iowa.
 Almot Schlenker, assistant cashier, First National
 Bank, Brenham, Tex.
 Paul T. Schulze, assistant cashier, State Bank
 of La Crosse, La Crosse, Wis.
 E. P. Simpson, Jr., assistant cashier, First Na-
 tional Bank, Toccoa, Ga.
 Sioux City Trust & Sav. Bank, Ben W. Frieden,
 cashier, Sioux City, Iowa.
 T. K. Smith, Jr., manager, Gimbel Brothers,
 Bankers, New York City.

J. G. Spangler, cashier, The Mesa City Bank,
 Mesa, Ariz.
 T. H. Stoner, cashier, The Peoples National Bank,
 Waynesboro, Pa.
 C. E. Taylor, Jr., president, Wilmington Savings
 & Trust Co., Wilmington, N. C.
 A. C. Tonsmeire, cashier, City Bank & Trust Co.,
 Mobile, Ala.
 Union Trust Co. of D. C., Washington, D. C.
 F. H. Williams, assistant treasurer, Albany City
 Savings Institution, Albany, N. Y.
 John W. Wadden, Lake County Bank, Madison,
 S. D.
 Wessels Van Blarcom, assistant cashier, Second
 National Bank, Paterson, N. J.
 C. C. Willson, care of Continental & Commercial
 Trust & Savings Bank, Chicago, Ill.
 Frank A. Zimmerman, Chambersburg Trust Co.,
 Chambersburg, Pa.
 Paul E. Zimmerman, cashier, Oak Park Trust and
 Savings Bank, Oak Park, Ill.

NEW NAMES

Allan Conrad, Box 335, Port Huron, Michigan.
 M. Clarence Crowson, cashier, Home Banking Co.,
 High Point, N. C.

"Jemmy" Wood of Gloucester—A Famous Country Banker

[From the London "Journal of the Institute of Bankers."]

THERE have probably been few bankers whose names were more familiar to their contemporaries than the eccentric James Wood, of the City of Gloucester Old Bank, familiarly known to the Gloucester citizens as "Jemmy" Wood. His claims to fame rest upon his personal characteristics, his immense wealth, and the dramatic contest over the proof of his will.

Wood was born in 1756, and inherited from his father a banking business founded in 1716, described in Counsel's "History of the City of Gloucester," as the oldest private bank in the kingdom with the exception of Child's. This claim cannot, however, be substantiated, as it has been shown that Thomas Smith, of Nottingham, was carrying on a regular banking business some years before 1716. Mr. Vassar-Smith, the chairman of Lloyds Bank, has presented to

the institute collection two portraits of Wood and a copy of his life by C. H. Savory, from which we are indebted for most of the particulars which follow.

Wood's home is thus described by his biographer:

"The subject of this sketch was of a good family, 'the old Brockthorpe stock.' He kept a shop in Westgate street, Gloucester, in a very old-fashioned overhanging house; the shop window had small panes of glass, and articles of drapery and haberdashery were displayed for sale. In this old shop he gave personal attendance to customers. On the overhanging portion of the shop a small sign was displayed, on which was written, 'The Old Bank.' In one corner was a little dark office, where he usually sat, and, with two clerks, did business as a banker: this was the 'Old Gloucester Bank,' and one

of the oldest private banking establishments in England.

"At the present time, when we have banks in almost every market town, of some architectural pretensions, this 'Gloucester Old Bank' strikes us as odd and ludicrous, amongst the pins and



needles, tapes and cotton; but he amassed a fortune there at the counter, on which was nailed bad coin that had come into his possession."

The association of a tradesman's business with that of banker was quite common, was even usual, in the eighteenth century, and survived until well within the memory of the present generation. Thos Smith, of Nottingham, was a mercer as well as banker; the founder of Backhouse's Bank was also a mill owner and manufacturer of huckaback. Later on the combination of banking with brewing found favor.

The personal characteristics of "Jemmy" Wood are also reminiscent of the eighteenth century rather than of those which we now associate with the

name of a banker. The modern banker is usually assumed to possess a tolerably wide grasp of financial matters, the details of which are left to subordinates, while the success of the bank which he controls depends largely on a discreet use of the art of displaying its resources in such a way as to bring it a national or even world-wide reputation.

James Wood, on the other hand, like so many of the pioneer bankers of the more parochial days in which he lived, owed his success to a strict attention to petty detail. Shrewd, industrious, parsimonious almost to the extent of avarice, hard-fisted in a bargain, he enjoyed the reputation of being well able to look after his own money, and was therefore not unnaturally judged worthy of looking after that of his fellow citizens.

Some of his methods would hardly find favor to-day, and his shrewdness was not apparently tempered by any fear lest his customers would take their business to his competitors. As an instance the following is told by his biographer.

Mr. C. once deposited £800 in James Wood's care. At the expiration of twelve months he had occasion to use the money, and he called and saw Mr. Wood.

"As soon as he saw Mr. Wood, he exclaimed, 'How d'y'e do, Mr. C.? Glad to see 'e. What can I do for 'e?'"

"They walked into the bank, when Mr. C. said, 'I have called for the £800 which I left with you more than twelve months ago, for I want to use it.'"

"'Certainly, certainly, Mr. C., it be all safe; I have got it all right.'"

"The money was placed upon the counter. Mr. C. examined it.

"'Is it all right, Mr. C.? inquired James.

"'The money is all right, Mr. Wood; but you have forgotten the interest,' exclaimed Mr. C.

"'Interest, interest,' exclaimed James; 'why, there be no interest.'"

"'No interest?' said Mr. C. with amazement.

"'No,' said James, 'didn't you say

when you brought your money, that you had brought it to place in my hands?’

“‘I did, Mr. Wood,’ replied Mr. C.

“‘Did you say you wanted it put out at interest?’ inquired James.

“‘No; I did not think it necessary, Mr. Wood,’ replied Mr. C.

“‘It has not been of any use to me. I have been afraid to use it or to invest it; I have kept it wrapped up in my drawer, Mr. C., expecting you to call for it every day. If you had wanted interest, you should have said so when you brought it; no, no, Mr. C.; I be very sorry you did not mention it; I have kept your money all safe, and it ain’t made any interest.’

“‘Mr. C. put his money into his pocket and walked away, more amused than disappointed.’

Wood was extremely careless of his personal appearance, but to the expostulations of his confidential clerk who advised the purchase of a new suit, he replied that when in Gloucester everyone knew him, and so it was unnecessary to study appearances, and that when in London no one knew him, and therefore it was equally unnecessary to go to the expense of new clothes. In this connection his biographer tells the following anecdote:

“Mr. Wood was traveling to London on a coach, and the shabbiness of his clothes attracted the attention of a gentleman, a fellow-passenger. He laughed and made fun of Jemmy’s clothes.

“Jemmy, did not lose his temper, and retorted no anger, but said: ‘I will bet you five pounds that I can do in London what you cannot do.’

“‘What is that?’ said the gentleman.

“‘Why go to Sir John Lubbock’s Bank and get £100,000.’

“The gentleman laughed heartily at the idea, and accepted the bet.

“When they arrived in London, James and the gentleman went to Lubbock’s Bank, and proof was given that the £100,000 was easily obtainable.

“‘Now,’ said James to the gentleman, ‘can you get £100,000?’

“‘No, I am sorry to say I cannot,’ replied the gentleman.

“‘Then pay your bet, pay your bet;

give me the five pound note,’ said James.

“The gentleman paid James Wood the five pounds, and departed with the idea that he was belonging to the Mint.

It may not be *apropos* to recall that in 1805, when this country was at war with Napoleon, one of the financial expedients to which resort was had by the Government was the raising of money by a State Lottery, and Wood was one of the agents for disposing of the tickets.

The following extracts from Savoy’s biography illustrate the immense difference between the banking methods of to-day and of a century ago.

“The father of the present Mr. Husbands, clothier, at the Cross, in this city, went to London once or twice every year for the purpose of purchasing articles for his shop. At that period the postage of a letter from Gloucester to London was very costly, and there was no means of safely transmitting money through the postoffice. The journey by coach from Gloucester to London was long, tedious, dangerous and expensive.

“James Wood, the eccentric rich banker, was in the habit of calling on Mr. Husbands about the time when he knew he was accustomed to undertake his journey to London.

“‘When be you going to London, Mr. Husbands?’ inquired Mr. Wood.

“‘Next week, Mr. Wood,’ replied Mr. Husbands.

“‘You be an honest man, Mr. Husbands, as honest a man as any man in Gloucester, you be, and I can trust ‘e with anything, Mr. Husbands, and I do want to know, Mr. Husbands, if you will take — hundred pounds for me, Mr. Husbands, to — of London.

“‘I shall be pleased to oblige you, Mr. Wood,’ replied Mr. Husbands.

“‘Ah! ah! you be a kind neighbor, a good man, an honest man, that you be, and I could trust you, Mr. Husbands, with all I have got.’

“The parcel was brought by Mr. Wood, and Mr. Husbands securely placed it about his person.

“James Wood accompanied him to the coach office at the ‘Bell,’ saw the coach

start, and stood at the Cross and watched it rattle over the pebbles until it was out of sight.

"In a few days James Wood would call at Mr. Husbands' shop and inquire, 'Have you heard anything of your father?'"

"'Not yet, Mr. Wood,' was the reply.

"'All right! All right! He be an honest man; you'll hear in a day or two.'"

"Day after day Mr. Wood called to know if anything had been heard of father, until the reply would be, 'Yes, Mr. Wood, we have; the goods wagon has just delivered the bale of goods he purchased in London, and in the middle of the package we have found this letter addressed to you.'"

"A letter, written on thick paper and heavily sealed with wax, was placed in his hands. He opened it and read it.

"'Ah! Ah! Thank 'e, thank 'e; Mr. Husbands is an honest man; 'tis all right; I know the signature, he has sent me an acknowledgment for the money; he is an honest man, they have had the money all right. Good-bye, thank 'e, thank 'e, good-bye.'"

"When Mr. Wood advanced money he frequently charged the most usurious rate of interest, but he did not allow more than $2\frac{1}{2}$ per cent. per annum for money placed in deposit. He would not allow interest upon a fragment of a year. For instance, if any sum deposited in his bank were removed or withdrawn only a day before the expiration of a year, he would not allow a farthing upon the principal. This was his system.

"To any person familiar with the routine of modern banking, this system would probably appear strange and fabulous, but this was the rule of the 'Old Bank.'"

"His rule was absolutely per centum per annum, and all ideas of the interest per diem were excluded as dangerous principles in banking."

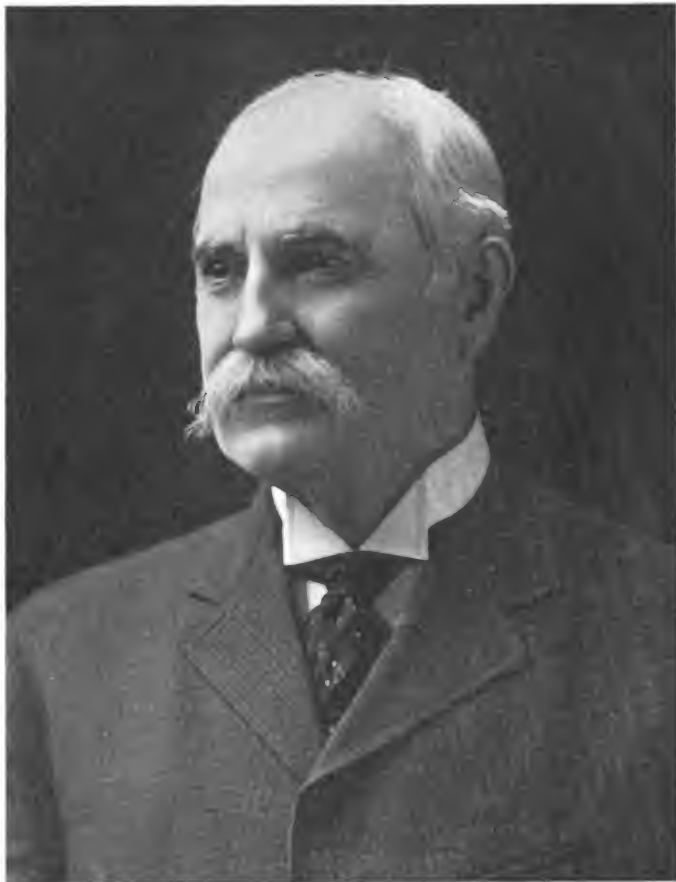
Wood died on April 20, 1836, in his eightieth year, and left real and personal estate worth over a million pounds, an enormous fortune in those days. He was unmarried, and refused in his lifetime to recognize any of his relations. When his will was read it was found that the whole of his fortune was divided between his four executors, who were his solicitor, named Chadborn, his two clerks, John Surman and Jacob Osborn, and Alderman Sir Matthew Wood, of London, a namesake, but not a relative. Afterwards, however, through the medium of an anonymous letter a charred paper came to light purporting to be a codicil of a later will, and leaving among several other bequests £200,000 to the City of Gloucester.

Circumstances pointed to fraud, probably on the part of Chadborn, and litigation resulted. After a five years' struggle the Privy Council eventually gave its decision in favor of the codicil, but the mystery was never cleared up in spite of the offer of a reward of £10,000 for information establishing the history of the codicil.

Unfortunately for the City of Gloucester, although the codicil was upheld, they were, after further litigation, adjudged incapable of inheriting the £200,000, on the technical ground that they were trustees, and the purposes of the trust were not stated, the terms of the codicil being that the money was left to the city "for the same purpose as I have before named." The only result, so far as the Gloucester Corporation was concerned, was a bill of £7,972 13s. 1d. for costs.



Death of Ex-Senator Aldrich



THE LATE HON. NELSON W. ALDRICH

THOUGH not in public life at the time of his death in New York city on April 16, Hon. Nelson W. Aldrich, former United States Senator from Rhode Island, was still one of the notable figures in American civic circles on account of the long and prominent share he had taken in the country's legislation.

He had seen long service in the Senate, and as chairman of the Finance Committee was largely instrumental in directing financial and tariff legislation.

As chairman of the National Monetary Commission he assisted in bring-

ing together and publishing a great deal of literature on banking, and was himself the author of a banking plan that received great attention. The report presented by this commission contained a plan for a National Reserve Association, but the plan was not adopted, though many of its underlying principles were embodied in the Federal Reserve Act which became a law in 1913.

Mr. Aldrich was a man of great ability, a tireless worker, and during his long membership in the United States Senate he was one of the most influential men in that body.

Book Reviews

MATERIALS OF CORPORATION FINANCE.

By Charles W. Gerstenberg, member of the New York Bar, and Assistant Professor of Corporation Finance in New York University School of Commerce, Accounts and Finance. (8vo, pp. 1008; price \$4.00, prepaid.) New York: Prentice-Hall, Inc.

THIS source book has been compiled to facilitate the study of corporation finance in classes where the use of original documents is impossible or impracticable.

With the growth of the university school of commerce idea has come an insistent call for careful study of the proper method of teaching business subjects to men who are to occupy the higher positions in business life. While everybody agrees that the principles underlying business transactions should be so taught that they may be applied as universally as possible, there has also been a general recognition of the fact that the various subjects must be so presented that they will be interesting and at the same time fit the student for actual business dealings.

The whole question came up years ago in connection with the study of law, and the foremost law schools recognized the fact that the case method was the best for preparing the embryo lawyer for the conditions of actual practice. Given a statement of facts, what is the issue involved and what principles of law can be and should be invoked to solve it. In economics the case method of teaching has been gaining ground in all the large universities.

Gerstenberg's "Materials of Corporation Finance" is a case book to be used in the study of the financing and financial management of corporations. It consists of a selected number of documents that have been used by large and small corporations all over the world.

Some of the most important documents are those which illustrate the scope of the charter and by-laws of the United States Steel Corporation; parts of charters of various industrial and other companies, such as the May Department Stores and the California Petroleum Company; several corporate mortgages, including those of the Jones-Laughlin Steel Company and the Mortgage Bond Company.

Prospectuses and stock-selling schemes of all kinds are illustrated; pooling and voting-trust agreements, plans of consolidation, engineers' reports, preliminary to the organization of large and important public utilities enterprises; the anti-trust laws; annual reports of several corporations, including the Westinghouse Electric and Manufacturing Company, and the New York, New Haven and Hartford Railroad Company; Professor Bemis' Report on the Valuation of the Chicago Telephones; plans and agreements of reorganizations, including that of the Baltimore and Ohio Railroad in 1898.

Undoubtedly there is great value in having accessible to the financial student a collection of documents of the character presented in this volume. If the individual should undertake to collect them for himself he would find it a very tedious process. The author has therefore rendered a real service to those interested in corporate finance in thus bringing together this large amount of material.



RURAL CREDITS. By Myron T. Herrick and R. Ingalls. New York and London: D. Appleton & Co. (Price, \$2.00 net.)

NO doubt we are shortly to have Federal legislation on the subject of rural credits, supplementing the laws

already passed in a number of the States. Mr. Herrick, in his preface, expresses the view that the legislation enacted and proposed is not entirely satisfactory. This he attributes to "an attempt to apply European principles to American conditions without adequately studying the credit institutions and systems devised for farmers and landowners in European and the few other countries where they have been developed."

It is the object of the volume under consideration to supply facts and figures regarding these institutions and systems. This aim is fulfilled in a thorough and comprehensive way.

Mr. Herrick has been long associated with a practical co-operative banking institution, and has supplemented his experience by careful study of co-operative credit systems. His service as United States Ambassador to France gave him special opportunities of obtaining first-hand information about the European systems. He has made good use of those opportunities, and has brought together a fund of knowledge about rural credit institutions and systems that should be of great help to those who are called to legislate on this subject. Before going to France, Mr. Herrick had done much effective work in bringing the importance of an adequate rural credit system to the attention of the bankers and people generally. In bringing together in this volume the facts and experiences relating to the European systems he has rendered substantial service to his country. The book affords a safe and instructive guide as to what the United States should adopt and what it should avoid in transplanting foreign coöperative credit to our shores.



THE VALIDITY OF RATE REGULATIONS, STATE AND FEDERAL. By Robert P. Reeder, of the Philadelphia Bar. Philadelphia: T. & J. W. Johnson Co.

REGULATION of railway charges has gone to such lengths in the United States as to make the matter of

further control, or even maintaining present conditions, of very great interest to the railways, and to the people. At this time, therefore, a careful and thorough examination of the validity of rate regulation, such as this volume affords, should be welcomed. The author comprehensively discusses the constitutional provisions upon which such regulation is based, as well as the various statutes and decisions, and sets forth the legal principles involved in each, citing several thousand cases. The economic aspects of the problem are also given due consideration. Deep knowledge and painstaking industry are evident throughout the work. It is a valuable and timely treatise upon a subject of very great public interest.



ENGLISH BANKING—Its Development, and Some Practical Problems It Has to Solve. By George H. Pownall, Vice-President of the Institute of Bankers, London; with a preface by Professor H. S. Foxwell, M.A. London: Blades, East & Blades.

IN these three lectures, delivered at the London School of Economics (London University), we find very much authoritative information about English banking principles and practices, together with a record of the changes that have lately been taking place in banking and financial methods, as well as in trade.



PRACTICAL BANKING; with a Survey of the Federal Reserve Act. By Ralph Scott Harris. (Price \$1.75 net.) Boston, New York and Chicago: Houghton Mifflin Co.

THE author declares that the main object of this work is "that it is intended for the student of finance who wishes a glimpse into the practical conduct of the bank, or for the business man who daily has relations with the bank and yet, as is most natural, is un-

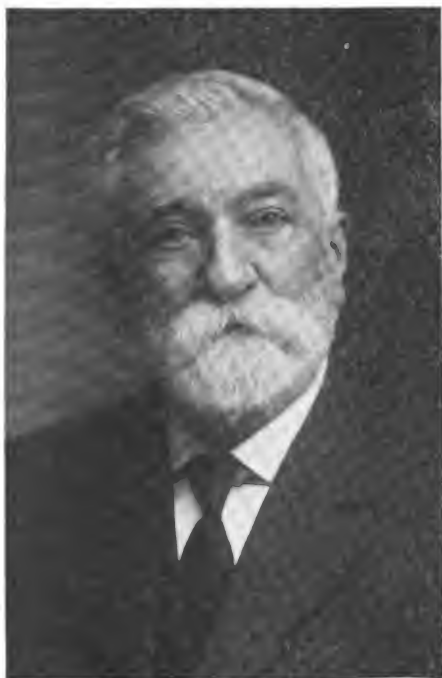
familiar with the details of this most important institution of modern civilization."

This object seems to have been well attained. After explaining what a bank is, its organization and the duties of the various officials and clerks are fully

described. There are also very instructive and interesting chapters on "National Bank Notes," "The Clearing-House," "Foreign Exchange," "Crises in the United States," and "The Federal Reserve Act."

Fifty Years of Success as a Savings Bank

THE Cayuga County Savings Bank, located at Auburn, New York, which commenced business February 1, 1865, has just completed a half-century of prosperity. Two only of the original trustees are now living, both of whom are still active members of the board, viz., Gen. William H. Seward and Benjamin B. Snow.



WM. H. MEAKER

TREASURER CAYUGA COUNTY SAVINGS BANK
AUBURN, NEW YORK

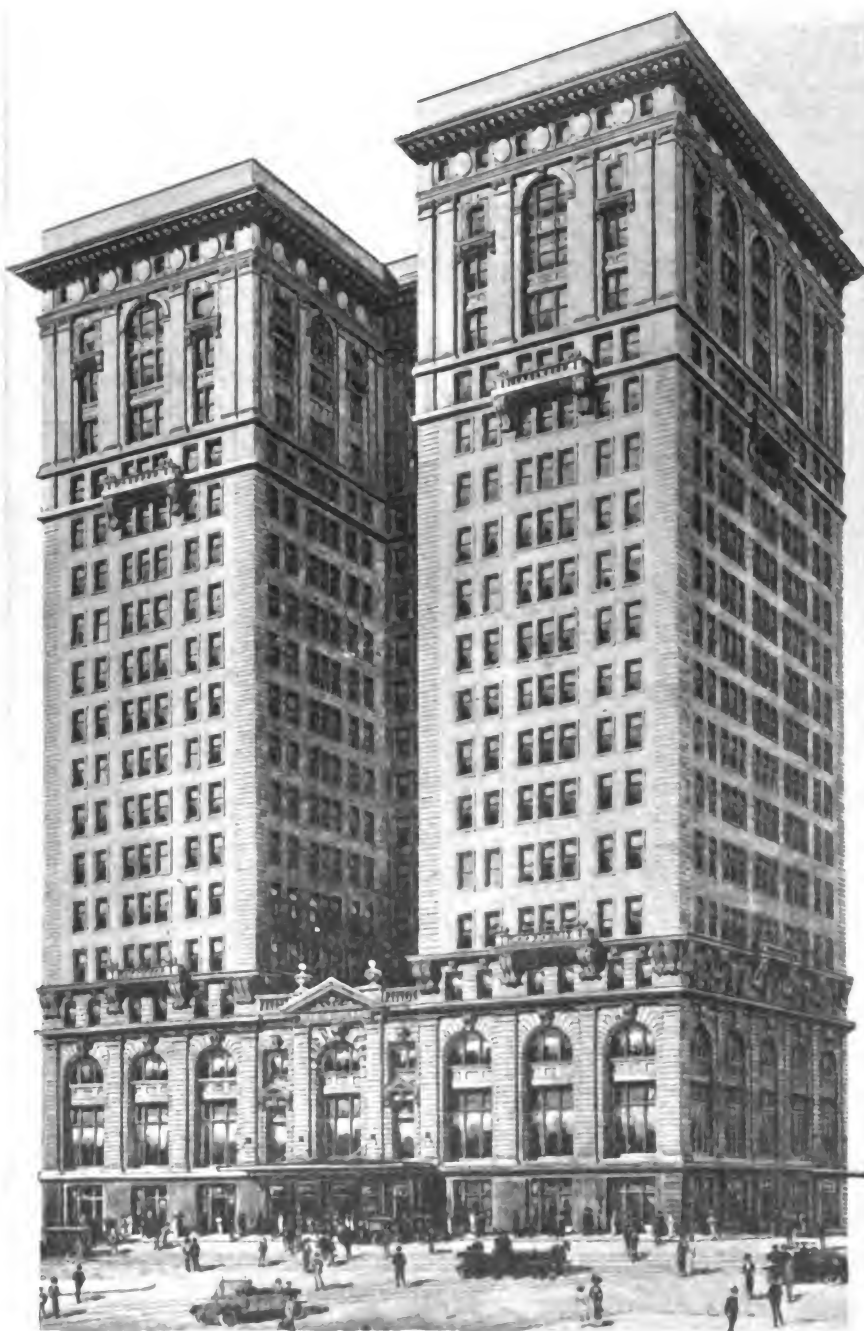
At the organization William H. Meaker was appointed treasurer and still continues as such in active charge of the bank, having also been made a trustee in 1866.

On the evening of the fiftieth anniversary a banquet was given by the board of trustees with the treasurer as the guest of honor, at which in consequence of the absence of the president and first vice-president, Mayor Brister, second vice-president, presided, nearly every other member of the board and employee of the bank being present. As customary on such occasions, complimentary remarks were made by several and a historical sketch, interesting particularly to those immediately connected with the bank, was read by Mr. Meaker.

Mr. Meaker first entered the Auburn City Bank as discount clerk in 1855, becoming bookkeeper and then teller, and while so engaged conceived the idea of establishing a savings bank, in which he was encouraged and aided by prominent citizens. A charter was obtained from the Legislature ten years before the General Savings Bank Law was enacted.

The bank is prosperous and strong, holding nearly \$4,000,000 on deposit, with a good surplus; the management merits and enjoys the confidence of its depositors and the community at large.

Mr. Meaker's career will be honored as conservative and of the right quality for the care of savings and trust funds.



FIRST AND SECURITY NATIONAL BANK, MINNEAPOLIS, MINN.



MAIN LOBBY. TAKEN FROM THE GALLERY LOOKING SOUTH

First and Security National Bank, Minneapolis

BY the union on March 29 last of the First National Bank and the Security National Bank of Minneapolis, Minn., that city gains a banking institution that in point of total resources outranks any bank west of Chicago. It so happened that this merger of these two old and highly successful banks was consummated just at a time when the new First National Bank building was on the point of completion, and into that splendid structure the two banks moved, merging the separate identities they had heretofore maintained into a new and larger organization—the First and Security National Bank of Minneapolis.

The advance which Minneapolis has

been making in recent years as a banking center made a combination of these two institutions quite a logical thing, for business both in the city and its surrounding territory has increased to such proportions that a bank of very large size was really needed for its proper care. The fact that the two banks were approximately of the same size and had long maintained high banking standards, rendered their union a comparatively easy matter. There were no inharmonious elements to be reconciled, but the problem was simply one of increasing the facilities for banking service, and on that ground the coalition was effected.

As these separate institutions have



F. M. PRINCE

CHAIRMAN OF BOARD, FIRST AND SECURITY NATIONAL BANK, MINNEAPOLIS, MINN.



OFFICE OF MR. PRINCE, CHAIRMAN OF THE BOARD

merged their identities into the larger bank, a brief sketch of the origin and progress of each may be appropriate.



THE FIRST NATIONAL BANK.

THIS institution had its origin in 1857, when J. K. Sidle and Peter Wolford opened at Minneapolis the private bank of Sidle & Wolford, which later incorporated as the Minneapolis Bank. On December 12, 1864, this business was re-incorporated as the First National Bank of Minneapolis, with J. K. Sidle, president, and H. G. Sidle, cashier.

The First National Bank, Minneapolis, began business with a capital of \$50,000, which in 1872 was increased to \$100,000, in 1874 to \$200,000, in 1878 to \$600,000, in 1886 to \$1,000,000, and in 1903 to \$2,000,000.

In 1894 F. M. Prince was elected cashier, serving till 1895, when he was promoted to the vice-presidency, C. T. Jaffray succeeding him as cashier. John

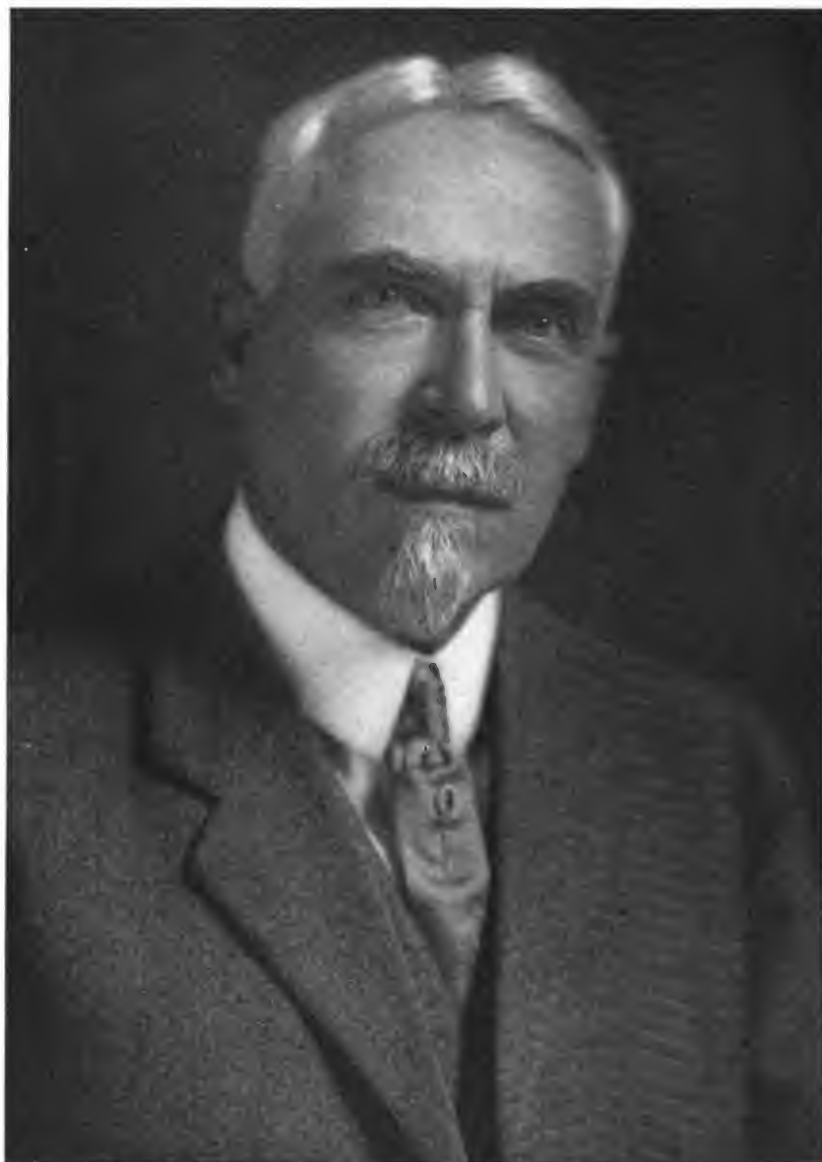
Martin was elected president. On the death of Mr. Martin, in 1904, Hon. J. B. Gilfillan was elected president, and in the following year he became chairman of the board, Mr. Prince succeeding him as president.

The First National Bank grew steadily, its capital becoming \$2,500,000; surplus, \$2,000,000, and total resources over \$32,000,000.



SECURITY NATIONAL BANK.

IN the latter part of 1877 T. A. Harrison and H. G. Harrison, who had been residents of Minneapolis since 1859, decided that there was an opening for a new bank, and associating themselves with J. M. Shaw, W. W. McNair, Franklin Beebe, C. E. Vanderburgh and Joseph Dean, they formed the Security Bank of Minnesota, commencing business on January 2, 1878, with a capital of \$300,000, which was increased from time to time as the business grew, until a full million dollars



F. A. CHAMBERLAIN
PRESIDENT FIRST AND SECURITY NATIONAL BANK, MINNEAPOLIS, MINN.



OFFICE OF MR. F. A. CHAMBERLAIN, PRESIDENT

was paid in. While the capital remained at this figure, the surplus grew until it amounted to \$2,832,807 on March 4, 1915. The men named constituted the first board of directors, T. A. Harrison being the first president. On his death in 1887, H. G. Harrison was elected president, and upon his death in 1891, F. A. Chamberlain became president.

The bank commenced business in its own building on the corner of Hennepin avenue and Third street. These quarters were soon outgrown, and the building was enlarged so that the bank could have ample space for its rapidly increasing business. In 1890 the question of larger rooms again came up, and it was decided to move to the building on the corner of Second avenue south and Third street, now known as the Metropolitan Life Building. Here the bank remained for sixteen years, growing in prestige and volume of business, through the dark panic days of 1893 to the brighter times following. On November 17, 1906, the business was removed to the new Security Bank Building on the

corner of Fourth street and Second avenue south.

The Security National Bank had a most prosperous history and at the date of the recent merger it had total resources of over \$28,000,000.



FIRST AND SECURITY NATIONAL BANK

FROM these two old and solid institutions has been created the new First and Security National Bank, an inheritor of the sound traditions on which the two former banks grew and soundly prospered.

In point of size and strength the First and Security National Bank takes rank as the greatest banking institution in the entire United States west of Chicago. Its capital and surplus are \$10,000,000, deposits, \$50,000,000, and total assets over \$60,000,000. (These figures do not include the affiliated Minneapolis Trust Company, with \$1,250,000 capital and surplus.)



C. T. JAFFRAY
VICE-PRESIDENT



PERRY HARRISON
VICE-PRESIDENT



A. A. CRANE
VICE-PRESIDENT



J. S. POMEROY
VICE-PRESIDENT



FRED T. SPAFFORD
VICE-PRESIDENT



H. A. WILLOUGHBY
VICE-PRESIDENT



G. A. LYON
CASHIER

FIRST AND SECURITY NATIONAL BANK, MINNEAPOLIS, MINN.



CORNER OF OFFICERS' QUARTERS, SHOWING THE DESK OF MR. A. A. CRANE.
VICE PRESIDENT



OFFICERS' QUARTERS



MAIN LOBBY, LOOKING NORTH



CAGING OF BRONZE WITH MARBLE PANELS



SKETCH—FLOWERS AND STAIRCASE RAILING

Both banks had built up a very large list of out-of-town bank correspondents, and with the increased capitalization and resources and the general enlargement of banking facilities this feature of the business will be developed in the near future to much greater proportions.



REASONS FOR THE MERGER.

AS has been intimated, the general growth of business calls for a constant enlargement of the banking units in the chief commercial centers, for the very evident reason that they have more and more business to care for, and, besides, the establishment of the Federal Reserve System, with considerable shifting of banking funds, renders it necessary for the other banks serving out-of-town correspondents to be fully equipped to meet all requirements, if they would not only hold their own, but

continue to have a healthful expansion.

The merger of these two banks undoubtedly enables the succeeding institution to render wider and better service than could possibly have been rendered by the joint results of their efforts while separate institutions. The consolidation also very considerably strengthens the prestige of Minneapolis as a banking center, and is a worthy sequence of the designation of the city as the location for a Federal Reserve Bank.

Each of these banks had been eminently successful. They grew up with Minneapolis and the great and prosperous surrounding country, and became thoroughly familiar with the banking needs of the city and its territory. Faithfulness and skill in supplying these needs account for the size and reputation each bank had attained. And the chief purpose which led to the merger of these large and powerful institutions was the desire of being still better able



A CORNER, PIERS, LIGHTING FIXTURES, AND MARBLE TOP BRACKET DESKS FOR CUSTOMERS



LADIES' DEPARTMENT



CONGRATULATION FLOWERS RECEIVED FROM BANKS AT THE TIME OF THE
CONSOLIDATION, BANKED TOGETHER FOR A PHOTO



SKETCH SHOWING CORNER OF STAIRCASE RAIL, INFORMATION DESK, AND
ELEVATOR DOORS

to do together what each bank has heretofore done separately.

This merger is in no sense a swallowing up of one bank by another, nor the substitution of one management for another. It is a real union of banking forces, in which the personnel of both banks are harmoniously joined, and in which even both names are retained.

In fact, the First National Bank and

man of the board of directors under the new arrangement. F. A. Chamberlain, president of the Security National Bank since 1891, becomes president of the First and Security National Bank. From the First National, Vice-Presidents Jaffray, Crane and MacKerchar retain the same offices in the First and Security National, and Cashier Willoughby is promoted from this office in



MAIN LOBBY, WITH OFFICERS' QUARTERS IN THE BACKGROUND

the Security National are names of strength throughout the Northwest, and the retention of both titles was in accord with sentiment and sound business policy.



THE MANAGEMENT.

AS has been said, the management of the First and Security National Bank represents merely a combination of the forces which heretofore directed each bank. There have been some promotions and changing of titles, but that is about all. For example, F. M. Prince, who has been president of the First National Bank since 1905 becomes chair-

man of the First National to a vice-presidency in the consolidated bank, while Assistant Cashier Lyon moves to the cashiership in the First and Security National. Assistant Cashiers Byam and Leeman with the new bank retain the places they held with the First National. Vice-Presidents Harrison and Pomeroy from the Security National make no change in their official relations; but Cashier Spafford advances from the Security National to a vice-presidency in the First and Security. Assistant Cashiers Lawther, Maclean, Bezoier and Meacham, from the Security National, fill the same offices under the consolidation.

And throughout the working force, as among the officers, there has been so little of real change, that those who deal with the bank will be able in the

future to keep up the personal relations of the past.



THE NEW BUILDING.

BOTH banks, for some years prior to the consolidation, had very fine modern buildings; but it is an evidence of the remarkable progress of the times that legitimate business expansion makes ever larger demands for space



SKETCH, SHOWING FLOWERS ON CORNER OF OFFICERS' RAIL



SKETCH, SHOWING DETAILS OF ELEVATOR DOORS ON THE BANK FLOOR

and equipment—and in Minneapolis the great bank and office building illustrated in these pages is the response to that demand. It does not need any description to convey the idea that here is one of the country's splendid modern banking and business structures, typifying the energy, progress, and the solid qualities of the First and Security National Bank, the City of Minneapolis, and the great Northwest.



Will the Federal Reserve System Help the Country Banks?

By H. S. McKEE, President of the First National Bank, Long Beach, Cal.

IT is probably true that bankers are inclined to conservatism, and conservatism is understood to mean a preference for the established order and opposition to any change; especially any change proposed by someone else. The Federal Reserve act has made many changes in the banking business and will lead to many more. Consequently, human nature itself tends to plant in the banking mind a slight prejudice against, or at least a lack of enthusiasm for, these changes. Simple fairness, therefore, as well as a selfish desire to realize a substantial benefit, suggests that we lay aside any preconceived unfriendliness to the Federal Reserve Bank, and try to give it the help and co-operation each of us would give if he had been the one who proposed it in the first place. If this is not the proper attitude to assume toward the new system, what attitude would be better? And to what would it lead?

It seems to the writer that the Reserve Bank is not itself a remedy for the long-standing defects in our banking system and customs, but is, instead, really a device by the use of which we can remedy them for ourselves. Some of us are going to do this, and do it energetically and with great resultant benefit. A few of us are probably going to make no effort at all, but be content with criticism, and expect the Reserve Bank to come inside our very doors and force relief upon us. In other words, the Federal Reserve Bank is an instrument which the member banks may use or not, as they severally elect. The fact of the matter is, nearly all of the

relief the Reserve Bank will afford must originate right in the member banks themselves, and the benefit to any member bank will be much or little, just as it shall, itself, decide.

Let us assume the case of a typical bank in a small town, where the president says the Reserve Bank does him no good, for he has no eligible paper. There are two courses open to him: One to take no action except to complain, and the other is to set about accumulating a line of eligible paper. How much will he need? It is believed to be a fair assumption to say that if he had ten per cent. of his loans in form eligible for rediscount, he would have enough to give him as full a discount privilege with the Reserve Bank as he would be likely to make use of. How, then, shall the banker put ten per cent. of his paper in eligible form? It seems a sufficient answer to say that, as he makes the loans himself, he ought to be able to get at least ten per cent. of them to suit him. The real answer is, by gradually forming new practices and habits among his borrowers and in himself. To be more definite: A careful study of every note in the loan pouch will disclose, even in the deadeast pouch, many notes that can be made eligible for rediscount; that is, notes whose makers are engaged in industrial, commercial or agricultural pursuits and who actually used the money borrowed in one of these pursuits, and who are producing something they will convert into money wherewith to pay the note.

It is believed that a full and frank talk with each one of the borrowers of

this class will result in many of them replacing their present notes with new ones for either all or, at any rate, part of the indebtedness, which new notes can be made, both in form and in spirit, eligible for rediscount. To accomplish this, the borrower must:

First.—Give a written statement of his condition. This need not be technical in form, but it should show that he is engaged in an industrial, commercial or agricultural business; that his net worth is ample to assure the soundness of his note; and that his business operations are actually going to supply him with the money wherewith to pay it.

Second.—The new notes must be strictly negotiable in form, that is (in California) about as follows:

".....days after dates, for value received, I promise to pay
.....Bank, or order.....
Dollars, with interest thereon from maturity hereof, until paid, at the rate of.....per cent. per annum; and in case suit is brought hereon to compel the payment hereof, an additional sum of ten per cent. on the principal hereof as attorney's fees."

Third.—He must figure out and insert in the note a due date on which he can be morally certain of having the money on hand with which to pay it. If he cannot fix a date on which he can positively pay the whole debt in full, let him cut it up into several notes with different maturities. In consideration to him for his positive agreement to pay, without fail, at maturity, let him decide for himself, without coercion or persuasion, what these due dates shall be, so long as they are anywhere within reason. The loan would probably run that long, anyway, so why not frankly agree upon it right in the note. If the note is made to fall due in six or eight months after date, it will not be eligible for rediscount for several months, but it will be no worse than it is now, and it will become eligible as soon as enough time has passed to bring it within ninety days of its maturity.

It is fully believed that any banker

can go carefully and thoroughly through his loans, and by this process create considerable eligible paper, and by adhering continuously to the same methods, can steadily increase the amount of such paper, as the borrowers and the banker himself work into new habits and practices in regard to these loans.

After this course of treatment has been administered to the loan pouch, it might be interesting, as a second course of treatment, to make a systematic comparison of the large and long-standing loans, with the average balances which the makers thereof keep on deposit with the bank. It would not be surprising to find that the bank has many loans which, while eventually good, are of long standing, uncertain as to their date of payment, and whose makers keep no deposit accounts worth having, or who give the bank practically no business except to borrow from it, and who could, consequently, with great advantage to the bank, be asked to borrow the money elsewhere, from some savings bank, mortgage company or individual, and pay up. They could be told to take plenty of time in doing this, so as to work no hardship or ill-feeling; in fact, told to fix their own reasonable time for doing it, but do it. With the proceeds of the payment of such loans, the bank could accumulate a line of strictly high-class commercial paper, of a kind that would instantly meet all the discounting requirements of the Reserve Bank. Such paper can practically always be had through the country bank's city correspondents, and while it will not yield so high an interest rate as the home paper, it will be paid when due, and the certainty of its eligibility for rediscount, together with the recently reduced reserve requirements, will allow that a larger loan line can be carried than in the past, which should more than compensate for any loss through the lower rate which such paper bears.

The process of effectually raising the character of our bank loans so as to enable them to measure up to the high standards of the Reserve Bank (they are also the standards of every highly



WM. A. LAW

THE NEWLY-ELECTED PRESIDENT OF THE FIRST NATIONAL BANK, PHILADELPHIA,
AND PRESIDENT OF THE AMERICAN BANKERS ASSOCIATION

developed financial community of Europe), may take a few years, but we have waited many years for the enactment of this law and can now well afford to devote the efforts of another year or so to putting into practice its funda-

mentally sound requirements. To paraphrase Mr. Charles F. Lummis' observation about California, the trouble with us is that we have been given the Federal Reserve Bank, and we don't know how to play on it.

Wm. A. Law, Newly Elected President of the First National Bank, Philadelphia

MR. WILLIAM A LAW, who has just been elected president of the First National Bank of Philadelphia, came from South Carolina to Philadelphia in April, 1903. He was born on a cotton plantation in Darlington county, South Carolina, but spent most of his boyhood in Spartanburg, S. C., where his father, the Rev. Thos. H. Law, D. D., was pastor of the First Presbyterian Church.

After finishing his course in Wofford College, where he graduated in 1883, Mr. Law taught school in Wilmington, N. C., during 1883 and 1884. He had studied shorthand while in college, and in 1884 became official stenographer of the Seventh Judicial Circuit of South Carolina by appointment of Judge Wm. H. Wallace.

In 1891 he resigned this office to organize the Spartanburg Savings Bank, of which he became president. Two years later the Central National Bank of Spartanburg was organized and he became its president, remaining there until he moved to Philadelphia in 1903 to enter a larger field of activity.

Mr. Law organized the South Carolina Bankers Association in 1901, and became its first president. His friends among the Pennsylvania bankers elected him a member of the Executive Council of the American Bankers Association in 1908, and in 1910 he was made president of the Pennsylvania Bankers Association. In 1914 he was elected president of the American Bankers Association.

During 1910 an opportunity came to merge the Merchants National Bank, of which Mr. Law had become successively assistant cashier, cashier, vice-president and president, with the First National Bank of Philadelphia, which has Charter No. 1 in the National Banking System. As this proposition appealed strongly to the business judgment of all concerned, it was put through, and Mr. Law became first vice-president of the First National Bank, and upon the resignation of its president, Mr. J. Tatnall Lea, Mr. Law was elected president, effective May 1, 1915.

During 1910 Mr. Law took an active part in effecting the merger of the Chatham National Bank with the Phenix National Bank of New York, having been one of the managers of a syndicate which bought control of the Chatham National Bank and afterwards bought the Phenix National Bank, consolidating them under the title of the Chatham & Phenix National Bank of New York.

In 1889 Mr. Law married Miss Lucy Lathrop Goode, daughter of Col. Chas. T. Goode of Savannah, Georgia, and they have two daughters.

Mr. Law is a director of the Central National Bank and of Saxon Mills of Spartanburg, S. C., of the First National Bank and Fire Association of Philadelphia, and is a trustee of the Polyclinic Hospital, Philadelphia. He is a member of the following Philadelphia clubs: Racquet Club, Germantown Cricket Club and Huntingdon Valley Country Club.

Fifty Years of Banking Service

ON April 1 William H. O'Connell, president of the Citizens' National Bank, Baltimore, Md., reached the fiftieth anniversary of his service with that institution.

Mr. O'Connell was born in Berkshire County, Massachusetts, in 1843. He located in Baltimore in 1864, entering the business house of his uncle, Henry O'Connell, who carried on an extensive carriage building establishment. He remained there one year, when he was offered and accepted the position of runner in the Citizens' National Bank. This was on April 1, 1865, and there he has since remained, but has reaped the reward of his stewardship.

The bank has always occupied the corner of Pratt and Hanover streets. When Mr. O'Connell entered its service he says the bank was a converted dwelling, with very restricted quarters. It is now one of the handsomest bank buildings in the city and has expanded and

grown in size to the extent that its business has increased. Mr. O'Connell was the seventh employee of the bank when his service commenced. This was its entire working force. Its monthly payroll was \$1,800, now it has increased to more than \$7,000 a month, with fifty employees.

Mr. O'Connell has filled every position in the institution, from the humble one in the beginning to that he now holds. His early promotions were rapid. For instance, he had been in the bank less than a year when he became a bookkeeper, in a year and a half he was head bookkeeper, and in two years paying teller. This post he held for more than twenty years and became one of the most expert in the city.

Mr. O'Connell took his first executive position in January, 1891, when he succeeded the late J. Wesley Guest as cashier. Mr. James was then president. During the presidency of Wesley M.



SILVER SERVICE PRESENTED TO WM. H. O'CONNELL, PRESIDENT CITIZENS NATIONAL BANK, BALTIMORE. THE PRESENTATION WAS MADE TO MR. O'CONNELL BY THE BOARD OF DIRECTORS TO COMMEMORATE THE FIFTIETH ANNIVERSARY OF HIS CONNECTION WITH THE BANK

Oler, Mr. O'Connell was promoted to the vice-presidency, and on January 15, 1908, he was elected to the presidency.

The Citizens' National Bank has always maintained the confidence of the

it was \$500,000; then increased to \$1,000,000; brought back again to \$500,000, and finally, during the presidency of Mr. Oler, it was again increased to \$1,000,000—at which figure it now



WM. H. O'CONNELL

PRESIDENT CITIZENS NATIONAL BANK, BALTIMORE

public, and has had a most successful history. When Mr. O'Connell entered the bank's service the deposits were but little more than \$400,000. Now they are more than \$12,000,000.

During his term of service the capital has been frequently changed. At first

stands, with a surplus of \$2,000,000, or just double the capital.

The dividend record of the bank has likewise varied since Mr. O'Connell became connected with it. But in all these years it has never failed to pay a substantial return to the stockholders.

It was at one time eight per cent., then ten per cent., then back to eight per cent., up to twelve, and now and for some years it has been paying annual dividends of twenty per cent., being ahead of any other national bank in Baltimore in this respect, and holding a record, perhaps, throughout the South.

Of those who were connected with the bank at the time Mr. O'Connell entered its employ, only one man is now living—Robert Holland—who was formerly assistant cashier, but who retired from business some years ago.

The Citizens' National Bank in Mr. O'Connell's career has had some of the strongest financial and business men of the city among its directors. It was in this atmosphere that its president received his training and had his banking

judgment formed. Events have shown how he profited by the association. The present board is representative of what it has been in the past and will indicate the stamina of those who have directed its affairs and helped to place the bank in its present strong position. Its members are: James A. Gary, John S. Gibbs, Reuben Foster, William H. Gorman, Van Lear Black, William E. Hooper, William H. O'Connell, Albert D. Graham, Norman James, Henry G. Hilken and William B. Hurst.

Mr. O'Connell married his old school-mate, also from Berkshire County, Massachusetts, and speaks with pride of the fact that they went to school together in the New England hills. He has three daughters, all married, and five grandchildren.



In the Savings Bank

I watch two human lines file by, one
long, the other short;
And every face betrays the bitter lesson
years have taught—
The right to live for young and old is
dearly bought.

O lucky ones! There's conscious virtue
in your very backs
As you deposit one more bill to swell
those guarded stacks—
Another stone upon the wall you build
'gainst Fate's attacks.

Slowly the others pass along or patient
stand.
The tally of self-sacrifice clasped in
each work-worn hand.
Alas! The rainy day has come at last
to all this silent band.

So swift, so swift the savings dwindle
down!
In brighter days when Fortune had no
frown
Each entry meant one outing less or
cheaper gown:

But now 'tis food and fire—and landlords
give short shrift;
Gaunt longshoremen, pale girls, and
clerks all onward drift—
Draw from their little store, and pray
the clouds may lift.

* * * * *
I watch two human lines—the courage
high those faces hold—
Ah, had I but Aladdin's lamp that I
could rub for gold,
What joy to swell the savings in each
book a hundredfold!

—ETHEL H. WOLFF.
(*New York Times.*)

Modern Financial Institutions and Their Equipment

For many a long year to come no bank structure will be buildded anywhere in this country until after those who contemplate such an undertaking have taken for model, as to use and beauty, the grand, solid, helpful old German Savings Institution of St. Louis, Missouri.—*Reedy's Mirror*.

Fine Home of the German Savings Institution of St. Louis

THE foregoing is high praise indeed, and no doubt is inspired partially by local pride. But a careful description of the building, derived largely from the same source whence the above extract was taken, bears out this strong statement.

This modern bank building—representing a high type of bank architecture both in point of beauty and serviceability—stands at the southeast corner of Broadway and Pine street, St. Louis, on a lot 85x65 feet. The building is one story, and from sidewalk to cornice has a height of fifty-two feet. It is in the style of the Italian renaissance, and the exterior is of North Carolina granite. Inside there are various kinds of material—steel, bronze, marble and mahogany (although the use of wood is very limited)—all perfectly adapted to the purposes for which they are employed.

You enter the building between a pair of noble Ionic columns, through splendid bronze doors, fourteen feet high and of more than half that width. Once inside, the effect is that of roominess and of light. The latter impression, created by the flood of light pouring through the great central dome, is enhanced by the white marble employed in the base, rising to the height of the windows, the white marble colonnade, the balustrade and the white ceiling. In

the counter screen there has been used bronze, exquisitely finished, and crystal-line cut glass. Besides the abundant space for the public and the numerous tellers and clerks, on the western side of the building are the officers' quarters.

The southwest corner contains the president's private office, and the com-



MAIN ENTRANCE, SHOWING MASSIVE BRONZE DOORS



**BOARD OF DIRECTORS' ROOM
GERMAN SAVINGS INSTITUTION OF SAINT LOUIS**



NEW HOME OF GERMAN SAVINGS INSTITUTION OF SAINT LOUIS

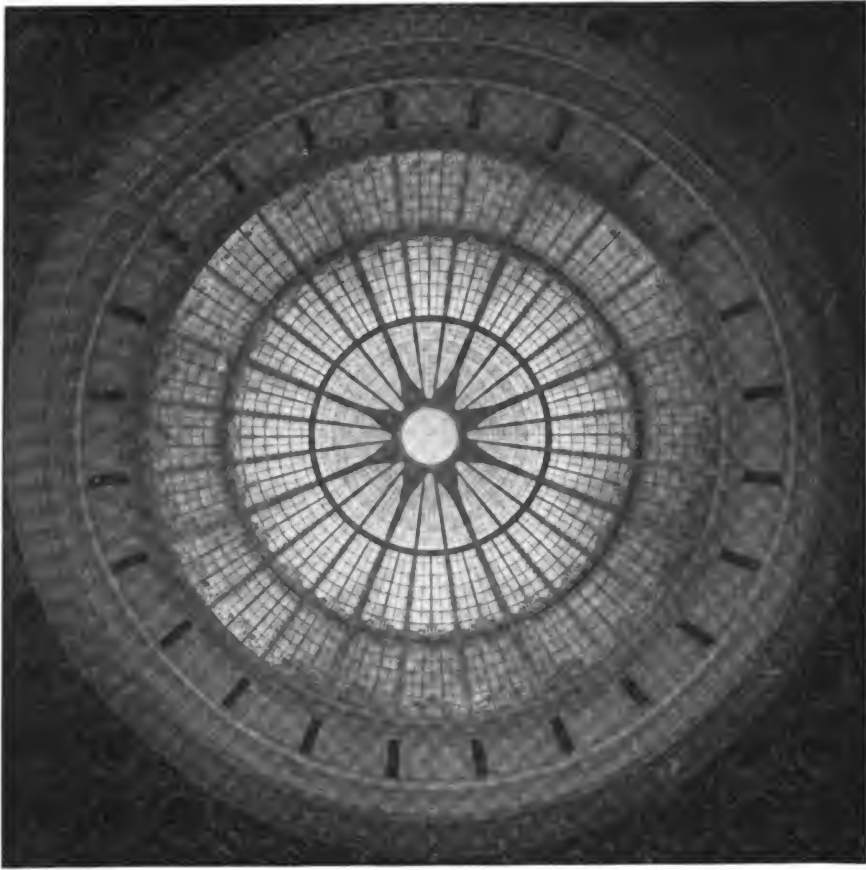
mittee room. At the left of the entrance is a ladies' private room. Immediately behind the tellers' cages to the east are the money and book vaults, finished on the exterior with white marble, and with polished steel doors, moulded cornices and string courses showing through the plate glass of the fixtures.

To the left of the main entrance is the ladies' rest room, finished in bronze with obscure glass. Around the main room are the spaces for the employees. There are thirteen such spaces or cages, each equipped with reference to the needs of the particular department and containing devices for the storage and protection of books, checks, deposit tickets, signature cards, pass-books and all papers used in the conduct of banking. The books and papers, except collateral, are kept in the cages at all times, the curtain cases and other devices being adequate for their protection. This eliminates the drudgery of carrying everything into the vaults at

night. This steel counter equipment not only saves a great deal of labor, but also saves vault space and construction. The bookkeepers' desks are fitted with compartments in which the books are kept during the night. This permits the bookkeeper to begin or leave his work at any time he chooses regardless of the hours for opening or closing the vaults. The signature-card cases are so arranged as to be accessible from two adjoining cages as well as the working space, but without giving access to either of the cages from the outside. The improved construction of cash-drawers is such that the cash-drawer located in its own case can be transferred to the vault each night and returned to its position in the counter each morning, without transferring contents. This does away with the old method of transferring to trays. The working surfaces of all counters and desks are covered with a pliable, strong battle-ship linoleum, secured at all edges with bronze binding.



PARTIAL VIEW OF MAIN BANKING ROOM



THE BEAUTIFUL CENTRAL DOME, GERMAN SAVINGS INSTITUTION, ST. LOUIS

The cage floors are covered with cork linoleum, upon which is fitted at the base of the counter work with a bronze sanitary cove mould. The deal plates are $1\frac{1}{8}$ inch white novus glass and are placed six inches above counter tops, giving the use of the whole counter top for working purposes and at the same time furnishing additional protection. The cage-work is made of ribbon-steel mesh and each cage is roofed. There is no access except through the door, which closes automatically. The counter screen around the lobby is of elaborate ornamental cast bronze with clear glass panels, artistically designed and executed. The gates leading to the officers' rooms are also cast bronze with floor checks.

One of the beautiful features of the

interior is the check desk in the center of the lobby. The main supports are two heavy carved marble pedestals with two intermediate ornamental bronze supports upon which is placed a cast bronze frame eighteen feet long with a one-inch clear-glass top. Upon this top is a bronze frame with glass subdivisions, making the check-desk double faced. Inlaid ornamental panels on arm supports at either side and ends, as seen through the glass top, produce a very pleasing effect. There are sixteen sunken ink wells, eight sunken pen holders and six calendar cabinets, all cast bronze.

The money vaults are built of heavy concrete and steel walls, lined with alternate layers of the softest steel and hardest Krupp steel. Money and se-



ANOTHER VIEW OF MAIN BANKING ROOM

curities are placed in specially designed burglar-proof steel boxes within these vaults. The doors are protected by the latest improved time locks. There is a duplicate of these vaults on the first floor immediately underneath them in the basement. These vaults are not permeable by any known burglar device. If one on either floor should be unlockable through temporary defect of mechanism it can be entered from the other. Dynamite cannot blow them up.

To the right of the entrance is an electric elevator communicating between the basement and the mezzanine floor, which is also reached by a stairway in the southeast corner of the building. This floor is designed for the use of clerks and bookkeepers, and is well lighted and ventilated. The whole building is heated by steam; a direct system for use in extreme cold weather and an indirect system in which the air is washed and warmed in winter and cooled in summer. No conceivable comfort for employee or patron has been omitted in the arrangements. Every known time-saving device is also employed. The officers' desks and various cages and portions of the building are connected by a pneumatic tube system. A dumbwaiter communicates between the two stories of the structure.

There is no woodwork in the building except some doors of East India mahogany, some of the window frames and some slight interior finish on the upper floor. Each cage has a fireproof compartment for books not kept in the vaults. In the basement are the boiler and machine rooms, the duplicate vaults, and rooms fitted with steel shelves for books and papers, and there is still a room nearly as large as the main floor room for any conceivable use the future may develop.

An artist must love the directors' room in the northwest corner of the mezzanine floor, in true Elizabethan architectural treatment, panelled with quartered English oak from the floor to the semi-elliptical, ornamented and panelled ceiling, which springs from a fine oaken cornice. The room is further

adorned by built-in seats and ornamental glass windows.

We have seen how the dome gives light on dark days as well as bright, or at night, but there is other lighting provided. The main ceiling is lighted by a series of ornamental bronze standards with alabaster globes and these are placed on top of the balustrade which encircles the mezzanine floor. The dome has a series of indirect lights concealed in the cornice, which illuminate a large portion of the central space. The main part of the first floor is entirely surrounded by indirect lighting placed in the top of the cornices over the bank tellers. These light effects are designed to give proper value to the interior decorations in a tone approaching white, with a slight suggestion of color worked into the background between the ornamental portions. So are brought out the beauties of the light-veined Colorado Yule marble of the banking room.

This beautiful structure was first conceived by Vice-President William C. Uhri, and gradually he brought his fellow directors to cordially approve his idea, with the striking result herein described and pictured.

Of course, the German Savings Institution is not a mere building, but really an institution whose edifice has been constructed by its thousands of depositors and friends. This is the fact in which its officers take the greatest pride. The building merely exemplifies to a degree what has been accomplished throughout the more than sixty years of the bank's existence, for it was established in 1853. Four years later a terrific panic swept over the country, and in another four years the long and terrible Civil War began; then there were the panics of 1873, 1893, 1907, and finally our recent great European war crisis (with a few minor disturbances thrown in occasionally), but the German Savings Institution has withstood all these shocks and is to-day stronger than ever in public confidence. Its capital is \$500,000, surplus and profits \$1,450,000, and deposits about \$10,500,000. The large surplus fund

indicates a most conservative policy on the part of the management, for it furnishes a very strong additional protection to depositors.

The bank has been directed by some of the ablest bankers and the best business men of St. Louis, and the present officers are carefully continuing the methods upon which the solid prosperity of the German Savings Institution has been built. Those who now manage the bank are: President, Nelson W. McLeod; vice-presidents, Louis Fusz, William C. Uhri, H. Hunicke and J. L. Johnson; cashier, E. Barklage; assistant cashier, W. Reimann. Directors: Louis Fusz, Charles A. Stockstrom, Otto F. Meister, William C. Uhri, Charles Stoffregen, Nelson W. McLeod, William J. Lemp, Edwin H. Comrades, H. Hunicke, Fred Opp, E. Barklage, H. A. Trorlicht, Theodore Rassieur.

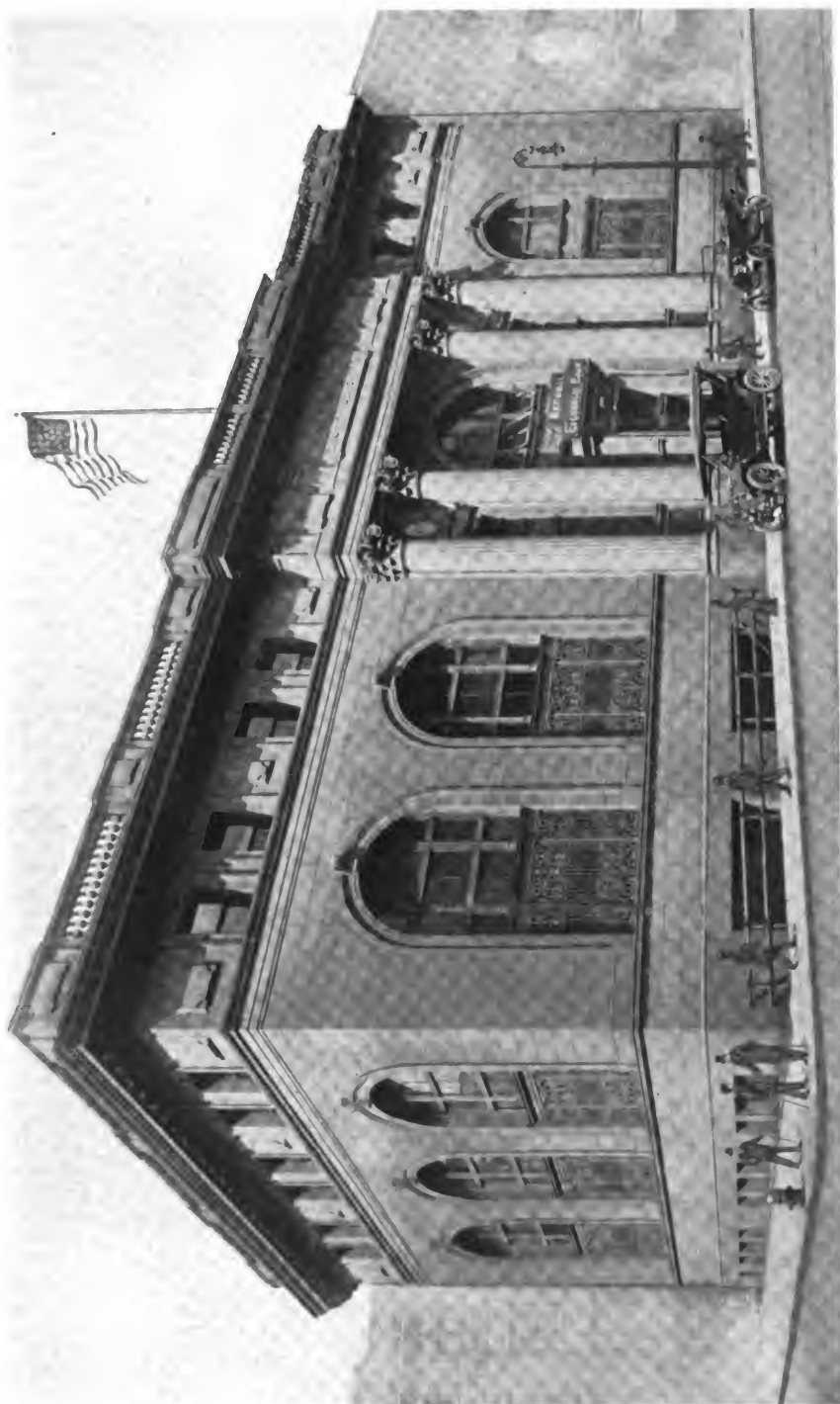
Fiftieth Anniversary of the National Exchange Bank, Baltimore, Md.

FOUNDED in 1865, the National Exchange Bank of Baltimore has just passed its fiftieth milestone, and instead of showing any signs of age, its appearance is now more vigorous than ever, for it occupies a very fine building, has lately absorbed another bank—the National Howard—and its capital has grown from the original \$300,000 to \$1,500,000, while deposits exceed \$5,000,000.

Its progress has been bound up with the prosperity of Baltimore City and of those who have dealt with the bank.



PARTIAL VIEW OF MAIN LOBBY
NATIONAL EXCHANGE BANK, BALTIMORE



NATIONAL EXCHANGE BANK, BALTIMORE



WALDO NEWCOMER

PRESIDENT NATIONAL EXCHANGE BANK OF BALTIMORE, BALTIMORE, MARYLAND

MR. NEWCOMER was born in Baltimore, September 14, 1867; entered business in 1889 as an employee of the Baltimore Storage and Lighterage Co., which afterwards became the Atlantic Transport Company, of which he finally became secretary, resigning in January, 1901, shortly before this company combined with the International Mercantile Marine. For several years Mr. Newcomer was out of business, but was elected president of the National Exchange Bank in January, 1906. He is a director of the Atlantic Coast Railroad, Northern Central Railway, and vice-president and director of the Atlantic Coast Line Company; director in the Safe Deposit & Trust Co. of Baltimore, Savings Bank of Baltimore and other organizations.



A CORNER SHOWING ENTRANCE TO SAFE DEPOSIT VAULTS
NATIONAL EXCHANGE BANK, BALTIMORE

From the time the bank was established Baltimore has advanced very rapidly in manufacturing, commerce and banking. Few cities in the United States—perhaps none—have established so generally sound a reputation for their financial institutions as this Southern metropolis.

The bank owed its origin to men of public spirit, who were foremost in citizenship and who possessed that sound integrity of character which has always permeated the management. Of such men were Daniel Miller, John Hurst and William T. Dixon, long and prominently associated in the bank's affairs, and their solid worth has stamped itself upon the National Exchange Bank of to-day.

When the great fire happened in February, 1904, this bank's building went down amid the ruins, although the loss was practically nothing, being covered by insurance. The valuable contents of the vault were not injured. Before the fire was put out, the bank

was transacting its usual business in a temporary location. In the next year the present modern home at Hopkins place and German street was completed and occupied. It is built of brown-stone, has a combined frontage on three streets of nearly three hundred feet, and is absolutely fireproof, no wood whatever being used in construction. Every detail of arrangement, materials, decoration and equipment conforms to the most modern ideas in regard to bank building, the vaults being an especially notable feature. The bank has a department especially for ladies, and throughout the institution there is adequate provision for complete banking service.

As will be seen from the accompanying figures, the National Exchange Bank has been growing steadily.

	Deposits.	Surplus and Profits.
1892	\$1,421,856	\$176,637
1902	3,882,819	616,513
1912	4,990,124	720,628



OFFICERS' QUARTERS AND TELLERS' CAGES FROM ENTRANCE



ANOTHER VIEW OF OFFICERS' QUARTERS AND TELLERS' CAGES
NATIONAL EXCHANGE BANK, BALTIMORE

The following figures represent the present position of the bank:

Capital	\$1,500,000.00
Surplus	850,000.00
Undivided profits	106,234.92
Deposits	5,850,894.37
Total resources	9,411,126.09

At the head of the National Exchange Bank is Mr. Waldo Newcomer, whose successful experience in banking and other important financial enterprises has justly given him a high reputation for financial ability. The other officers are also men of long banking service. They are: Vice-president, Summerfield Baldwin; cashier, R. Vinton Lansdale; assistant cashiers, Clinton G. Morgan and Joseph W. Leffler.

As will be seen from the illustrations, the National Exchange Bank of Baltimore has the physical equipment required for transacting banking with comfort, safety and speed, while the large capital, surplus and resources give the institution adequate facilities in this respect.

The spirit of the bank has been marked by sound progress, and this policy animates the present management.

In entering on its second half-century the National Exchange Bank finds its capital, surplus and profits and aggregate deposits much greater than ever before, and the bank was never so well prepared as now to render complete and satisfactory service.

Foreign Banking and Finance

European

BANK OF SPAIN.

FOR the use of the Bank of Spain a new bank building is to be erected at Seville.



THE BANK OF FRANCE AND THE WAR.

THE report of the Bank of France for the year 1914, says the London "Statist," shows how marvellously well that great institution is managed, how high its credit stands, and what enormous services it renders to the country.

Its total operations on account of the Treasury amounted on the credit side to £622,516,000; on the debit side to

£621,076,000—or a grand total of £1,243,592,000. In 1913 the grand total was £549,864,000. Consequently, the business done by the bank on account of the treasury was increased by the war by as much as £693,728,000. The discounts effected in Paris and at the branches and agencies include 21,958,000 bills, and represented in value £752,080,000. The portfolio attained its maximum, £179,040,000, on October 1. The portfolio in which figure bills created since August 4, as well as those previously created but not yet due, amounted on Christmas Eve to £10,332,000.

Of the total bills 266,256 were of values ranging from 5 to 10 francs, 1,681,128 ranged from 10 to 50 francs, those between 50 francs and 100 francs numbered 1,062,444, and those above 100 francs 3,322,429. The total numbered 6,332,257.

The proportion of small bills not ex-

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

ceeding £4 represents forty-seven per cent. of all the discounts.

The amount of bills prolonged was on December 24, £139,107,332. On the day when the meeting of shareholders was held it had been reduced to £128,000,000. The payment of such bills before the time when they become legally due goes on continuously. And in spite of the new discounts the progressive reduction of that part of the portfolio is regarded as quite satisfactory by the Governor of the Bank. The circulation of notes reached its maximum on December 24—£401,715,989. On March 26 it was little more than half that amount—£229,720,000. On December 24 there were 2,518,075 notes of £40, 929,329 of £20, 41,826,143 of £4, 33,769,898 of £1, 14,974 of £1, 40,175,250 of 16s., and as many as 78,034,334 of 4s. It will be seen that there was a very strong demand for the small notes representing only 4s. of our money.

On January 29 of last year the rate of discount was reduced from four per cent. to $3\frac{1}{2}$ per cent., though the rate of interest was maintained at $4\frac{1}{2}$ per cent. On July 30 the rate of discount was raised to $4\frac{1}{2}$ per cent., and the rate of interest to $5\frac{1}{2}$ per cent. On August 1 the rate of discount was further put up to six per cent., and the rate of interest to seven per cent. On August 20, however, the bank found it possible to put down the rate of discount once more to five per cent., and the rate of interest to six per cent. Our readers

will remember that during 1913 and the early part of 1914 the German Reichsbank, the Imperial Bank of Russia, and the Bank of France were all eagerly increasing their gold reserves. M. Pallain, the Governor of the Bank of France, tells us that at the end of 1913 the gold held by the Bank of France amounted to £140,696,000, and at the end of 1914 it had been further raised to £167,340,000, being an increase during the year of £26,644,000. While this increase in the gold was going on there was a decrease last year in the silver held of as much as £11,360,000. So far as the Bank of France is concerned the decrease is an advantage, for it lessens the amount of legal-tender silver which that great institution has to keep at the par of exchange. According to the latest return to hand, made up on January 28, the gold held amounted to £169,351,920. It is hardly necessary to add that the large addition

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CUBA

Transact a general domestic and foreign banking business. All banking matters entrusted to us handled promptly and with care.

Special attention paid to collections in Havana and all parts of Cuba.

Principal Correspondents

NEW YORK CITY:

National Bank of Commerce
in New York

LONDON:

Baring Bros. & Co., Limited

PARIS:

Morgan, Harjes & Co.

BERLIN:

L. Behrens & Soehne

MADRID:

Garcia, Calamarte y C.

NOYES & COMPANY

Established 1879

**Foreign Bills
Government and Municipal Bonds****8, Place Edouard VII.
PARIS - FRANCE**

to the gold was of the highest importance to it. M. Pallain told his shareholders that he had not been called upon to make use of this vast reserve. It continued to increase throughout the year, attaining its maximum on the eve of Christmas Day, in consequence of the interior circulation and the payments effected by foreign markets. France, he added, yet possesses considerable reserves of gold, and, in spite of passing accidents since the beginning of hostilities regarding her foreign commerce, she remains everywhere a creditor nation. Far from having to export gold, she has already been able to add to her stock. The amounts which accumulate abroad to the credit of the bank give it a new power of purchasing, and constitute reserves of the metal susceptible of materializing if the need arises. He wound up by saying that on the day he was addressing his shareholders the reserves of gold were over 176 millions sterling. In the first half of 1914 there was a decrease in the silver held of £72,000; in the second half-year the decrease amounted to as much as £11,296,000. In the first half-year, on the other hand, there was an increase in the gold held by the bank of £18,832,000; in the second half-year the increase amounted to £7,312,000. The dividend for the past year is nineteen per cent., against twenty per cent. for 1913, sixteen per cent. for 1912, and fourteen per cent. for the three previous years.

ENGLISH BANKS IN FRANCE.

THE directors of Cox & Co., army bankers, and of the London & South Western Bank announce that arrangements have been made for a joint partnership in and the extension of the French business of Cox & Co. (France), Limited. The capital of this bank will be increased to £500,000 authorized, of which £200,000 will be subscribed and fifty per cent. paid up. The whole of such capital will be held equally by the two London banks mentioned above.

The chief office of Cox & Co. (France), Limited, is in Paris, temporary premises having been secured in Rue Edouard Sept, and branches have already been opened in Boulogne and Rouen.

**Australasian****BANKING RETURNS FOR
FOURTH QUARTER
OF 1914.**

IN commenting on the banking returns of Australasia for the fourth quarter of 1914, the "Australasian Insurance and Banking Record" says:

The movements during the last quarter of 1914 differ in various ways from those which usually take place at that period, the departure from the normal course being due to war, drought, and the exigencies of Government finance in its various forms. The wool clip has been a smaller one than that of the 1913-14 season, and its realization has been greatly delayed in consequence of the war, so that the influx of new money usually received by pastoralists before Christmas has this season been reduced to small proportions. Compensation for this may be found to some extent as the season advances and further progress is made with the wool sales, though in any case the actual diminution of the clip is a matter which would reduce the rate of accumulation. Butter production has been smaller, but on the other hand the frozen meat ex-

Banco de	Established July 15, 1895
Guatemala	
Guatemala C. A.	
<i>Directors</i>	
ADOLFO STAHL	D. B. HODGSDON
J. R. CAMACHO	
C. GALLUSSEY, Manager	
Authorized Capital	\$10,000,000.00
Capital subscribed and paid up	2,500,000.00
Reserve Fund	7,200,289.69
Contingency Fund	3,000,000.00
<i>Foreign Correspondents</i>	
New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Seligman & Co.; The National City Bank of New York; San Francisco, Cal.: The Anglo & London Paris National Bank of San Francisco; New Orleans: The Whitney-Central National Bank; Mexico: Banco Nacional de Mexico; Paris: Messrs. de Neufilse & Cie. London: Deutsche Bank (Berlin), London Agency; London County & Westminster Bank, Ltd. Hamburg: Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne, Messrs. Schröder, Gebrüder & Co.; Mr. Carlo Z. Thomsen. Madrid: Messrs. Garcia-Calamarito & Cia.; Barcelona: Messrs. Garcia-Calamarito & Cia.; Banco Hispano Americano. Milano: Credito Italiano.	
<i>Agencies in Guatemala</i>	
Antigua	Puerto Barrios
Jutiapa	Zacapa
Pochuta	Coban
Coatepeque	Retalhuleu
Livingston	Salama
Escuintla	Mazatenango
Ocosingo	Tumbador
General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.	

port trade has made further progress this season. The failure of the crops and the necessity for purchases of seed wheat and fodder on the part of many farmers are matters which will more particularly affect the returns for the March quarter. In view of the drought no fresh accumulation of money of any importance could have been looked for in Australia as the result of the 1914-15 season, and the setback thus produced has been accentuated by the war, which has checked the export trade in wool and metals. In contrast with Australia, however, is the favorable season enjoyed by New Zealand. The effect of the unfavorable Australian season has been to cause a greater demand for accommodation in various forms in a large part of the country, part of this accommodation being provided through trading channels by the large wholesale firms as well as by means of bank advances. Against this is to be set the

reduction in imports which has been in progress for some months past, the active trading demand for money being correspondingly diminished. As the present year advances, however, it may be expected that the country will require to obtain further accommodation from the banks, and that those who have money at credit will require to make use of it, the latter circumstance tending to reduce deposits. An additional factor is that of Government competition to raise money by local issues of stock or debentures. The strong position in which Australia was placed as the result of previous good seasons, coupled with sound methods of business and financial management, has facilitated the handling of the exceptional circumstances which have had to be faced, and while advances have necessarily had to be closely regulated, the customers of the banks have been able to obtain all reasonable accommodation. Comparisons are complicated, however, by Government demands for assistance, especially in New South Wales. The cash holdings of the banks have reached the record total of 48¾ millions sterling. An increasing proportion of the total cash held consists of Australian notes under the operation of the arrangement by which the banks supply the Commonwealth Government with gold in exchange for notes, but the gold thus supplied is in the main balanced by current production from the mines.

Owing to causes stated above, the quarter has not witnessed the customary increase in deposits, and for the first time since 1903, a decrease has taken place during the December quarter. An increase has taken place in advances, but the increase is moderate in comparison with what has taken place in some years in the final quarter, and but for certain Government requirements the net movement would probably have been a decrease.

Turning to the movements for the year, an increase of £6,213,070 in total deposits is accompanied by an increase of £6,662,285 in total advances. The increase in deposits is due to the movement which took place in the early part

of last year, when the proceeds of the 1913-14 season added an unusually large amount to the available supply of money.



Latin-America

CHILEAN BUDGET FOR 1915.

THE Chilean Congress has passed the budget for the current year. As compared with the budget of last year, the current estimates represent a decrease of \$26,246,690 paper and an increase of \$7,246,084 gold.

On the basis of the latest available statistics the export tax on borate of lime should yield about \$102,000 yearly, but even with this additional revenue and the reductions effected in the budget the large deficit with which the Government was confronted at the beginning of the European war will in all likelihood be considerably increased.

The inheritance-tax bill was finally passed by the Congress, but religious bequests were excluded from the incidence of the tax.



DELEGATES TO PAN-AMERICAN FINANCIAL CONFERENCE.

FOLLOWING is a partial list of delegates appointed to the Pan-American Financial Conference to be held in Washington beginning May 24:

Argentina—Samuel Hale Pearson, Director of the National Bank; Richard C. Aldao, former Minister of Finance for the Province of Buenos Ayres; V. Villamil and John Zimmerman of the Buenos Ayres Chamber of Commerce.

Chile—Louis Izquierdo, former Minister of Foreign Affairs; Augusto Villanueva, Director General of the Bank of Chile, and Louis Aldunate.

Bolivia—Ignacio Calderon, Minister to the United States; Adolfo Ballivan, Consul General in New York.

Colombia—Roberto Ancizar, Secretary of the Colombian Legation; Santiago Perez Triana, prominent banker.

Costa Rica—Mariano Guardia, Minister of Finance; John M. Keith, banker.

Dominican Republic—Francisco J. Peynado, former Minister to the United States; Enrique Jiminez, Minister to the United States.

Nicaragua—Frederick Albert Straus, banker; Pedro Rafael Cuadra, former Minister of Finance.

Panama—Aristides Arhona, Minister of Finance; Ramon Acevedo, manager National Bank of Panama; Ramon Arias, Jr., vice-president of Bank of Canal Zone.

Paraguay—Dr. Ayala, Minister of Finance.

Peru—Isaac Alzamora, former vice-president; Eduardo Higgins, Consul General in New York.

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$919 682.79

Deposits, \$3,308,312.68

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais; Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

Salvador—Alfonso Quinones, Vice-President; Jose Suay, Subsecretary of Finance; Roberto Aguilar.

Uruguay—Pedro Cosio, Minister of Finance; Dr. Gabriel Terra, member of Chamber of Deputies.

Although not named in each case, the Latin-American Ambassadors and Ministers in Washington will be ex-officio members of Congress.



BRITISH LOAN TO ARGENTINE RAILWAY.

SPECIAL Treasury consent has been given to the issue in London of a loan of £2,500,000 to the Central Argentine Railway. The loan is in the form of five per cent. five-year notes.



SUSPENSION OF SPECIE PAYMENTS IN URUGUAY.

BY virtue of a law enacted on February 3, 1915, specie payments in Uruguay are to remain suspended until the conclusion of peace in Europe. A law was promulgated on August 8, 1914, suspending specie payments for six months, prohibiting for an equal period the exportation of coal and gold, and suspending execution sales for two

months and ejections for one month. The general moratorium established by executive decree of August 2, 1914, confirmed and amplified by the law of August 8, 1914, and, by law of December 24, 1914, extended until January 25, 1915, expired by limitation on the last-named date.

The amount of gold that, under the law of August 8, 1914, may be deposited by private banks in the Bank of the Republic is reduced by the law of February 3, 1915, from 4,000,000 to 2,000,000 pesos (\$4,136,000 to \$2,068,000). The Bank of the Republic is authorized to issue notes (gold notes) against gold that may be deposited in legations of Uruguay in foreign countries to the credit of the Government of the Republic for the account of the Bank of the Republic. An executive decree dated February 5, 1915, contains the rules that are to govern the depositing of gold in the legations, the issuance by the Bank of the Republic of notes against these deposits, and other germane provisions.



BRAZIL.

THE President of Brazil issued a decree under date of March 4, 1915, authorizing the Minister of Finance to issue bonds to the amount of 50,000,000 milreis gold (\$27,300,000) at the office

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY,
President

K. M. VAN ZANDT, Jr.,
Vice-President and Manager

H. C. HEAD,
Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

GENERAL BANKING TRANSACTED

TELEGRAPHIC TRANSFERS

Foreign Exchange

Unsurpassed Collection Facilities Throughout the Republic

SEND US YOUR MEXICO BUSINESS

WRITE US UPON ANY SUBJECT WHICH MAY BE OF INTEREST TO YOU IN THE
REPUBLIC OF MEXICO.

P. O. Address: Apartado 1346.

of the National Treasury in London. The bonds are to be signed by the London delegate of the National Treasury, and will have the following nominal values: £10, £100, £500, and £1,000 (\$48.67, \$486.65, \$2,483.25, and \$4,866.50). Amounts under £10 will be paid in currency. The London office will not only pay the interest due but will redeem the bonds.

These bonds are the same as those referred to in a decree of February 3, but some of the provisions of the earlier decree are superseded by the present plan.



PARAGUAY.

THE law for the issuance in Paraguay of 35,000,000 pesos of inconvertible paper money provides for the use of 25,000,000 pesos (\$1,556,250) to meet the obligations of the Government for current expenses in 1914, and of the remaining 10,000,000 pesos (\$622,500) to complete public works.

Of the temporary note issue of 25,000,000 pesos (\$1,556,250) in August, 1914, which was to have been withdrawn from circulation within twelve months, 15,000,000 pesos (\$933,750) will be held permanently in circulation and added to the capital of the Banco Agrícola, a State bank, for agricultural loans. Thus there is an increase of 50,000,000 pesos (\$3,112,500) in the paper-money circulation of Paraguay, which now amounts to 115,000,000 pesos (\$7,158,750).



URUGUAY.

THE Executive, under the date of February 20, submitted to the General Assembly a bill providing for the raising of 5,000,000 pesos (\$5,170,000) by internal loan to meet the financial exigencies of the Government. The purposes of the loan are stated to be: (1) Paying salaries and current accounts; (2) liquidating the floating debt; (3)

regulating the situation of the financial commission of the port of Montevideo.



Asiatic

NEW CHINESE GOVERNMENT SAVINGS BANK.

ON February 21 the formal opening of the Sin Hua Savings Bank took place in its new building at Lang Fang Tou Tiao, at Peking, and the ceremony was attended by Mr. Chow Tzu-chi, Minister of Finance; Mr. Liang Shih-yi, director of the Shuiwu Chu; Mr. Yih Kung-chio, Vice-Minister of Communications, and other high officials.

This bank was opened on October 23, 1914, and a temporary office was established at Mei Shih street. The success of the enterprise has been beyond the expectation of all the directors and its promoters. It has been found that up to date an amount of more than \$4,000,000 (about \$2,000,000 U. S. currency) savings deposits have been received, and it is expected more business will be transacted after its removal to the present building.



REPORT OF BANK OF JAPAN.

THE sixty-fifth regular meeting of the Bank of Japan was held at the bank's premises on February 20. The following accounts for the second half of the year 1914 were presented and passed:

Net profit	\$1,393,193
Brought forward from last term	1,094,186
Total	2,487,379
To reserve	249,000
Special reserve	4,980
Bonuses to officials.....	88,166
First dividend (6 per cent per annum)	565,250
Second dividend (6 per cent per annum)	565,250
Carried to next term.....	1,029,733

The Viscount Mishima, Governor of

the bank, made the following statement about its operations:

"On July 1 last two branch offices of this bank, one at Niigata and the other at Matsumoto, were opened for business. This almost synchronized with the outbreak of hostilities in Europe, an effect

of which was the necessity for making an unusually large amount of advances against raw silk. The establishment of a branch office at Matsumoto was just in the nick of time, and so financial facilities for the district of Shinshu were enhanced."

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000

Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

New York City

—Announcement was made on April 5 by the Guaranty Trust Company that Fred Ellsworth, in charge of the department of new business in that institution,

had been made an officer of the company with the title of publicity manager.

Mr. Ellsworth began his bank work as a messenger in the First National Bank of Chicago on February 2, 1892, and worked up through the various departments until he was made manager of the department of advertising and new business in 1905.

In December, 1910, he became associated with the Guaranty Trust Company of New York as advertising manager, since which time he has built up one of the most complete and efficient departments of this kind in existence.

In making the title of publicity manager an official one and enlarging its scope, Mr. Ellsworth has been given full charge of new business, bank relations, general service, advertising and publicity of the company.

Mr. Ellsworth has been an active member of the American Institute of Banking. He was a charter member of Chicago Chapter, and in 1906 was its vice-president. In 1907 he was elected president. In 1913 he was elected a member of the Board of Governors of New York Chapter. At almost every national convention of the Institute, he has represented either Chicago or New York Chapter. He has contributed many articles on banking, bank advertising, new business and the claims of the Institute to the various banking and financial periodicals throughout the country during the past few years and has made many addresses before bankers' conventions on the same subjects.



FRED W. ELLSWORTH
PUBLICITY MANAGER GUARANTY TRUST
COMPANY, NEW YORK

He is very justly regarded as an authority on building up the business of a bank.

—President George C. Van Tuyl, Jr., of the Metropolitan Trust Company recently celebrated the completion of his first year as head of that institution. The members of the office force extended to President Van Tuyl their hearty congratulations for his success in bringing the company to the largest line of deposits and total assets attained at any

time in the thirty-four years of its history.

Besides extending their congratulations, they presented Mr. Van Tuyl with a large jardiniere of American Beauty roses. With the flowers was a note signed by all the employees of the company tendering their best wishes for the future, and reading in part as follows:

“We also take this opportunity to express our gratitude for the generous treatment accorded us, and wish you to know that we are all ‘pulling’ with you to the one end—Success for the Metropolitan Trust Company.”

President Van Tuyl made an appropriate acknowledgment to the donors, saying he was happy to be the recipient of the good wishes of his fellow workers.

—The Bank of Long Island announces that it will shortly erect a \$50,000 building on the Queensboro Bridge Plaza. A plot has been secured on the north side of the plaza, between Jackson and Hunter avenues. The building will be a one-story structure, devoted entirely to the business of the bank.

There are now five banks on the plaza, which is known as the Wall Street of Queens Borough.

—Under the title of “An Hour in a New York Savings Bank,” Charles L. Seibert has told in a very interesting way of the detail work in an institution



THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street.
NEW YORK

CAPITAL **\$1,000,000** **SURPLUS** **\$1,000,000**

OFFICERS

RUEL W. POOR, President
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
E. T. THORN, Asst. Cashier
JOHN W. PEDDIE, Asst. Cashier

DIRECTORS

Charles T. Wills **Morgan J. O'Brien**
Ruel W. Poor **Thomas D. Adams**
Samuel Adams **Robert J. Horner**
Wm. H. Gelshenen **A. Pagenstecher, Jr.**
Frederick T. Fleitmann

of well-told information about the city's early maritime activity—something of timely interest just now when there is so much discussion of our mercantile marine.

—The Guaranty Trust Company announces that L. S. Critchell and Arthur R. Jones have each been made assistant secretaries of the company.

—Henry Parish, president of the New York Life Insurance and Trust Company for over forty-four years, has been elected chairman of the board of trustees of the company. Walter Kerr, vice-president since 1889, has succeeded Mr. Parish as president.

The change in the presidency is coincident with the rounding out of eighty-five years' existence of the trust company—one of the two oldest companies in this city. The New York Life Insurance and Trust Company has had a very interesting history and occupies a unique position among banking institutions. Perhaps more than any other trust company, it has steadfastly adhered to the transaction of an essentially trust business and has never attempted to enter the field of commercial banking. It has never accepted corporation or railroad trusts, but has contented itself with acting in all fiduciary capacities for individuals. It also acts for institutions of charity, religion and learning. After 1840, when the great mutual

of this kind, and the story has been printed in pamphlet form by the Greenwich Savings Bank.

—A branch of the Corn Exchange Bank will be established at Lexington avenue and Sixtieth street.

—"Ships and Shipping of Old New York" is the title of a handsomely printed and illustrated historical brochure issued by the Bank of the Manhattan Company. It gives a great deal

KINGS COUNTY TRUST COMPANY

City of New York, Borough of Brooklyn

Capital, Surplus and Undivided Profits Over \$2,990,000

OFFICERS

JULIAN D. FAIRCHILD, President
JULIAN P. FAIRCHILD,
WILLIAM HARKNESS,
D. W. McWILLIAMS,
WILLIAM J. WASON, JR.,

Vice-Presidents

THOMAS BLAKE, Secretary
HOWARD D. JOOST, Asst. Sec'y
J. NORMAN CARPENTER, Trust Officer
GEORGE V. BROWER, Counsel

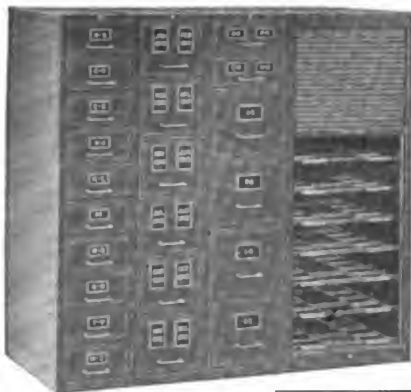
TRUSTEES

WALTER E. BEDELL
EDWARD C. BLUM
GEORGE V. BROWER
FREDERICK L. CRANFORD
ROBERT A. DRYSDALE
JULIAN D. FAIRCHILD
JULIAN P. FAIRCHILD
JOSEPH P. GRACE

WILLIAM HARKNESS
JOSEPH HUBER
WHITMAN W. KENYON
JOHN McNAMEE
D. W. McWILLIAMS
HENRY A. MEYER
CHARLES A. O'DONOHUE
CHARLES E. PERKINS

DICK S. RAMSAY
H. B. SCHARMANN
JOHN F. SCHMADEKE
OSWALD W. UHL
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W. M. VAN ANDEN
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JOHN J. WILLIAMS

ACCOUNTS INVITED. INTEREST ALLOWED ON DEPOSITS.



Vault Filing Equipment on the UNIT Plan

Our facilities and experience enable us to properly equip a vault complete for a bank of any size. The Baker-Vawter Unit plan enables the small bank to install one section at a time and add to it as its growth demands.

If you are interested in the best method of filing Checks, Deposit Tickets, Pass Books, Documents, Correspondence, Reports, or any of the records the average bank has to file, you will find it to your interest to write us for particulars.

We carry in stock for immediate shipment a large variety of High Grade Steel Filing Sections for High Grade Banks.

Baker-Vawter Sections are built for service—not to fit a price. Ask for catalogue.

BAKER-VAWTER COMPANY

Bank Accounting Systems Steel Filing Equipment

BENTON HARBOR, MICH. HOLYOKE, MASS.

OFFICES—In all principal cities SALESMEN—Everywhere

companies started, the company practically gave up its life insurance business. It does a considerable business in annuities, a demand for which is rapidly increasing in this country. The company does not deal in securities, nor has it ever been a member of a syndicate. It loaned, however, \$2,500,000 in gold out of its vaults to the bankers who agreed to furnish the United States Treasury with \$50,000,000 of gold during the close of the Cleveland Administration.

—The April issue of "Chapter Notes," which is the monthly paper of New York Chapter, A. I. B., reveals the following nominations for officers for the ensuing year:

For president, J. A. Seaborg of the Bankers Trust Company.

For 1st vice-president, B. P. Robbins of the National Park Bank.

For 2nd vice-president, C. F. Manchon of the Union Exchange National Bank.

For treasurer, L. H. Ohlrogge of the National Park Bank.

For chief consul, B. S. Miller of the Chemical National Bank.

For secretary of the board of consuls, P. B. Menagh of the National Newark Banking Company.

Fifteen nominations have been made for governors for three-year terms to expire June 1, 1918. Ten of the nominees will be elected to membership at the annual meeting May 13.

Through the committee on public affairs, thirteen of the forty-two lectures asked for by the principals of the vari-

ous city high schools have been delivered by Messrs. Kniffin, Wolfe and Ellsworth. The subjects covered were of practical value to young men intending to enter the banking business.

Examinations for registered students in the three courses, which have been carried on during the past year, were held late in April and early in May, and it is expected that a larger number of men will pass the tests than ever before.

The Cannon prize of \$25 in gold for the best paper on "The Probable Effect of the Federal Reserve Act on New York City as a Banking Center" has attracted a number of students, whose papers will undoubtedly reveal many original thoughts on the subject.



—The Farmers Banks of Delaware, Wilmington, which is more than 100 years old, has recently completed a very handsome modern building of the classic type of architecture.

—Elliott C. McDougal, president of the Bank of Buffalo, and former president of the New York State Bankers Association, has been elected president of the Commonwealth Trust Company of Buffalo, the controlling interest in which has been acquired by the Bank of Buffalo. Regarding this change, the Commonwealth Trust Company made the following statement:

"The board of directors of the Com-

A Maine Banker finds Collins Service the most satisfactory in all his quarter century's banking experience.

On the third renewal of his affiliation with this Organization of Specialists, he writes: "*I have never seen a system which embodies so many desirable qualities as yours.*"

We shall be glad to explain these qualities to any Banker who seeks increased business.

**COLLINS
PUBLICITY SERVICE
PHILADELPHIA**

monwealth Trust Company announces the election of Elliott C. McDougal as its president.

"E. O. McNair, who until recently was the president of the company, felt compelled to resign because of continued ill health. His resignation was accepted with deep regret.

"The reputation of Mr. McDougal as a banker is so well known, it is unnecessary to make further reference to it and the board of directors congratulates its stockholders on being able to secure for them as their president a banker of Mr. McDougal's recognized ability."

For the Bank of Buffalo, Mr. McDougal issued this statement:

"Some weeks ago the directors and leading stockholders of the Commonwealth Trust Company of Buffalo invited me to accept its presidency on account of the ill health of its former

president, Mr. McNair, who desired to resign.

"After carefully examining the trust company, I unhesitatingly recommended to my associates in the Bank of Buffalo the purchase of a majority of its stock.

"Close association of the two institutions under one single management materially strengthens the banking situation in Buffalo."

The last statement of the Commonwealth Trust Company showed resources of \$8,800,000. The capital stock is \$500,000. There is a surplus of \$275,000 with deposits of \$8,000,000.

The Bank of Buffalo has resources of \$17,700,000. The capital is \$1,000,000. There is a surplus of \$1,000,000 and the deposits now reach \$15,000,000.

Mr. McDougal, besides being a former president of the New York State Bankers' Association, was chairman of the commission appointed a short time ago to revise the banking laws of the State. He has taken an active interest in preserving and improving the New York banking system.



—At Pittsburgh there was recently formed the Tri-State Association of Foreign Exchange Bankers and Agents, with a membership of over 100. Wm. F. Benkiser of the First-Second National Bank, Pittsburgh, was elected president of the association.

Citizens State Bank and Trust Company

DALLAS, TEXAS

Opened For Business May 31, 1913

Comparative Statement Showing Growth in Deposits

Deposits June 4, 1913 . .	\$144,606.51
Deposits August 9, 1913 . .	296,299.27
Deposits October 21, 1913 . .	552,788.95
Deposits June 30, 1914 . .	730,000.00

Prompt attention given to all Banking Matters entrusted to our care.

—Stockholders of the Philadelphia Trust, Safe Deposit and Insurance Company are of the opinion that Philadelphia Trust Company would be a shorter and better title.

—The Twenty-second Street Bank, capital \$100,000, has applied for authority to organize at Philadelphia.



NEW ENGLAND

—The Haverhill National Bank of Haverhill, Mass., will move into its fine new bank building sometime in June. The new building, besides the spacious banking rooms on the first floor, has six stories of offices which are now being rented. The Haverhill National makes a specialty of collecting commodity drafts secured by bills of lading. On April 15 last it had deposits of \$1,753,578, loans and discounts of \$1,225,183, and total resources of \$2,606,103. John E. Gale, president, and Benjamin I. Page, cashier, are the active officials of the bank.

—The City Bank and Trust Co., Hartford, has purchased the property formerly occupied by the Charter Oak National Bank, and will eventually occupy it as a banking home.

—Rhode Island bankers formed a State association at a dinner given at the Turk's Head Club, Providence, on the evening of April 7. After the adoption of suitable constitution and by-laws these officers were chosen: President, William P. Goodwin, of the Peoples' Saving Bank of Providence; vice-president, S. P. Cook, of Woonsocket; treasurer, H. L. Wilcox, of the National Bank of Commerce, Providence. The secretary is to be elected by the executive council.

The following members were chosen to the executive council: For one year—Charles Perry, of Woonsocket; Andrew E. Jenks, of Providence. For two years.—Herbert J. Wells, of Providence; Ed-



Planters National Bank

RICHMOND, VIRGINIA

Capital - - \$300,000

Surplus & Profits \$1,550,000

Total Resources \$8,000,000

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier



**Unsurpassed Facilities for
collecting Items on Vir-
ginia and the Carolinas**



Capital, \$1,000,000

Surplus, \$600,000

Located at the "Gateway of the South"

Having been established as The State Bank of Virginia 45 years ago, we have served continuously financial institutions in all parts of the South. This long period of successful service has resulted in a banking equipment that is unexcelled at

Richmond, Virginia

Another result of handling the accounts of Southern Bankers for these many years is that we know accurately the needs of financial institutions located in Southern States. Your Southern business solicited. Direct routing of items our specialty. Correspondence cordially invited.

National State and City Bank

WM. H. PALMER, President

JOHN S. ELLETT, Vice-President
J. W. SINTON, Vice-President

WM. M. HILL, Vice-President
JULIEN H. HILL, Cashier

ward A. Brown, of Newport. For three years—H. Martin Brown, of Providence; Robert W. Taft, of Providence.

The association was organized for the protection and general welfare of the banking interests of Rhode Island.

—Property has been leased by the Manufacturers' National Bank, Lynn, Mass., into which the bank will remove as soon as improvements are completed. The growing business of the bank necessitated larger and better quarters.

—By an amendment of the savings bank insurance law of Massachusetts, the savings banks in that state may now issue life insurance policies for \$1,000. These have hitherto been limited by law to policies not exceeding \$500. As there are four banks engaged in the life insurance business the largest amount of insurance which any individual could secure has been \$2,000, or \$500 in each bank. Now this amount has been doubled, and a total insurance

of \$4,000 may be applied for by any resident of Massachusetts.

—Formal opening of the new Security Trust building, Lynn, Mass., took place on April 1, and crowds of admiring visitors thronged the fine structure. In honor of the occasion the Security Trust Company received a number of handsome floral pieces from Boston, New York and other correspondents.



SOUTHERN STATES

—The vacancy in the presidency of the Citizens' Bank and Trust Company, Tampa, Fla., caused by the recent death of John Trice, has been filled by the election of Dr. L. A. Bize to that position. Dr. Bize has lived in Tampa for eighteen years, following his profession as a physician, in which he has been highly successful. He is a large stock-

holder in several banks and business enterprises, and is well qualified to carry on the management of the bank along the lines developed by Mr. Trice,



DR. L. A. BIZE
PRESIDENT CITIZENS BANK AND TRUST CO.,
TAMPA, FLORIDA

and which gave the bank a solid reputation in its community.

The other officers of the Citizens' Bank and Trust Company are: Vice-Presidents, C. E. Alben and E. M. Hendry; cashier, W. W. Trice; assistant cashiers, D. H. Laney and W. W. Blount.

—When the Alabama bankers meet at Birmingham May 10-12 for their twenty-third annual convention, they will be addressed by a number of prominent bankers and public officials. Among them will be W. P. G. Harding of the Federal Reserve Board and M. B. Wellborn, agent of the Atlanta Reserve Bank. Other notables who will appear before the association are Hon. Oscar W. Underwood, Governor Henderson,



S-23

Western National Bank

PITTSBURGH, PENNSYLVANIA

Capital
\$1,000,000

Surplus and Profits
\$475,000

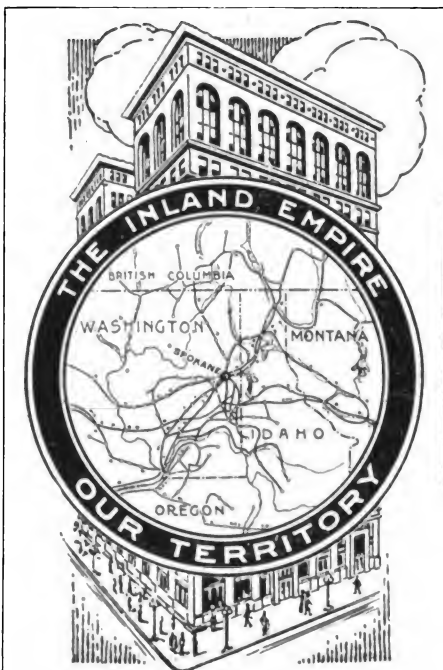
Resources
\$7,000,000

CHARLES McKNIGHT, President
D. G. STEWART, Vice-President
GEORGE S. MACRUM, Vice-President
H. C. BURCHINAL, Cashier
RALPH V. HUKILL, Assistant Cashier
GEO. H. GERWIG, Assistant Cashier
E. J. McCONNELL, Secretary

This bank is thoroughly equipped to handle all business pertaining to banking, and invites the accounts of banks, corporations, firms and individuals.

Special attention given to collections and offers every facility and the attention of its officers of long experience in the treatment of all items entrusted to it.

We make a specialty of handling Pittsburgh and Western Pennsylvania items in bulk.



The Old National Bank of Spokane

WITH direct connections in every banking point throughout the "Inland Empire"—a region three times the size of Alabama, of which Spokane is the financial and railroad center—The Old National has the facilities to collect your Pacific Northwest items with exceptional economy and dispatch.

OFFICERS

D. W. TWOHY, President
T. J. HUMBIRD, Vice-President
W. D. VINCENT, Vice-President
J. A. YEOMANS, Cashier
W. J. SMITHSON
G. H. GREENWOOD J. W. BEADLEY
Assistant Cashier

RESOURCES : \$13,000,000



Dr. George H. Denny, Prof. P. G. Holden of Chicago, and Mrs. G. H. Mathis of Gadsden.

Aside from the usual routine business the most important matter to come before the convention will be the consideration and discussion of the part which State bankers will take in the campaign which is designed to follow up the recent crop diversification work in the State by the International Harvester Company. The association has given the work its approval and will consider ways and means of furthering it.

—Abe Meyer was born in Alsace-Lorraine, and came to Shreveport in 1872.

When quite a young man he engaged in the grocery business, and also in the live stock business, and by his ability and high standard of dealing made a considerable fortune, which he invested in real estate. He retired from business about twelve years ago, in order to



ABE MEYER

**VICE PRESIDENT COMMERCIAL NATIONAL BANK
SHREVEPORT, LA.**

attend to his investments, and, to a certain extent, rest from his arduous labors.

S. G. Sample is a native Louisianian. He was born in DeSoto Parish and resided there during his entire childhood.

Early in life he took hold of the busi-



S. G. SAMPLE

VICE-PRESIDENT COMMERCIAL NATIONAL BANK
SHREVEPORT, LA.

ness of his father, O. H. P. Sample, and made a remarkable success. A greater portion of the money which he made he invested in land in DeSoto Parish, which has since become very valuable oil-producing property, giving Mr. Sample a large royalty each month. He is also interested in a number of other enterprises in Shreveport and Mansfield, and is a man of considerable means. Mr. Sample was elected a director of the Commercial National Bank of Shreveport on the death of his father.

—The Federal Reserve Board has approved a system for the collection of

Resources

\$10,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



Try our Service

and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier



The American National Bank

SAN DIEGO, CAL.

Capital	\$200,000.00
Surplus and Undivided Profits	185,000.00
Total Resources	2,300,000.00

J. W. SEFTON, Jr., President
 C. L. WILLIAMS, 1st Vice-Pres. L. J. RICE, Cashier
 I. ISAAC IRWIN, 2nd V-Pres. T. C. HAMMOND, Asst. Cash.

A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

checks on member banks of the district centered in the Federal Reserve Bank of Richmond, and similar methods will be introduced shortly by the other Reserve Banks. In its present stage of development the plan calls only for intra-district collections, that is, for the collection of checks and drafts received from and drawn on member banks in the Richmond district.

The system is not intended to supersede the exchange of checks through local clearing houses. Wherever collections are being made more quickly or economically, as, for example between nearby cities, by direct interchange between the banks of the section than would be possible under the proposed plan, it is expected that such relations will be continued.

These are some of the rules and requirements governing the operation of the collection system.

1. Each member bank joining the system authorizes the Federal Reserve Bank of Richmond to charge immediately on receipt against its account, subject to payment by such member bank at its banking house, checks and drafts drawn upon it payable upon presentation deposited by other member banks which have joined the collection system.

2. The member bank undertakes to provide the Federal Reserve Bank of Richmond with sufficient funds to offset the items which may be charged against its account under the collection system so that the reserve balance re-

quired to be kept in the Federal Reserve Bank of Richmond shall remain unimpaired on the books of the Federal Reserve Bank. The amount of such funds needed must be determined by experience to be gained from actual operation.

3. Checks and drafts payable on presentation drawn on any member bank in District 5 which has joined the collection system will be received for immediate credit subject to final payment, but only from such member banks as have joined the collection system. Items marked "Payable if desired" at either a member bank or a non-member bank will not be received unless drawn on a member bank which has joined the collection system, in which case they will be charged to the member bank at which they are made "Payable if desired."

4. All items received before 1 o'clock P. M. (except on Saturday, when the hour will be 11 o'clock A. M.) will be credited on the day of receipt. Items received after these hours will not be credited until the following business day. Items on member banks in Richmond received after the Clearing House hour—10:30 A. M., Saturdays 9:15 A. M.—will be credited subject to payment through the Clearing House on the next business day. All items except those payable through the Richmond Clearing House will be mailed at the close of each business day to the member banks on which they are drawn. Member banks must advise the Federal Reserve Bank of Richmond on

the day of receipt that such items have been received and credited. Unpaid items, not subject to protest, must be returned on the day of receipt; protested items must be returned not later than the next business day after receipt. Returned items will be credited to the account of banks on which they are drawn and charged to the account of and returned to the banks from which received. Unpaid items must not be held for any purpose whatsoever except for immediate protest.

The Federal Reserve Bank of Richmond will act only as collecting agent of the sending bank, according to the rules, and will assume no responsibility other than due diligence until the funds are actually in its hands. The bank is authorized to send such items for payment direct to the bank on which they are drawn, or to forward them for collection to any other agent at its discretion. Member banks which do not join the collection system at the time of its inauguration may do so upon due notice at a later date, and those who enter may retire upon thirty days' notice.

No exchange charge will be made nor will any be paid by the Richmond Bank for a time, at least, after the system has been approved by the member banks. If a charge is found necessary later, it will be imposed after due notice and will not be retroactive. All items forwarded to the Federal Reserve Bank of Richmond must be indorsed without restriction to the bank's order with all prior indorsements guaranteed, and show on each side of the indorsement the American Bankers' Association transit number in prominent type.

"The collection system outlined herein," says a letter sent by the Richmond Bank to its members, "is offered by the Federal Reserve Bank of Richmond as the first step in the improvement of present methods of collecting checks within its district. It is the result of much consideration on the part of the Directors and officers of this bank and of many conferences of the Governors of the various Federal Reserve Banks. The plan has been au-

Utah Savings & Trust Company Salt Lake City, Utah

General Banking—Trust—Bonding
Title Insurance—Safety Deposit Vaults

Capital . . . \$300,000
Surplus & Profits, 40,000

OFFICERS:

W. S. McCornick, President
Anthon H. Lund, Vice-President
Geo. Albert Smith, Vice-President
F. M. Michelsen, Cashier

**Facilities for thorough
Banking service.
Expeditious and intelligent
handling of collections
throughout this inter-
mountain country.**

25 Years Old

thorized by the Federal Reserve Board, and substantially similar systems of intra-district collection will be introduced by all other Federal Reserve Banks. The system will be subject to such modifications or extensions as experience may show from time to time to be necessary or advisable."

—The Texas Women Bankers' Association, which is the only organization of its kind in the United States, has inaugurated a campaign of banking education among the women of Texas. At the suggestion of Miss Leffer Corbitt of Austin, president of the association, the different members will write articles on subjects relating to different features of banking with the view of widening the knowledge of the women customers of financial institutions.

—Nashville, Tenn., has been designated as a reserve city by the Federal

FIRST NATIONAL BANK TRUST & SAVINGS CO.

CLEVELAND, OHIO

Capital \$3,750,000.00

Deposits \$45,500,000.00

Resources over \$53,200,000.00

Our institutions offer complete banking and trust company facilities.

Our officers and directors are all successful men—well known for their experience, judgment and integrity.

Their interest in these banks extends to all who deal with them.

Large resources, perfect banking organization and equipment, and a genuine desire to be helpful are at your service.

Reserve Board, under authority granted by the Federal Reserve Act.

—The West Virginia Bankers' Association will hold its annual convention at White Sulphur Springs, July 15 and 16. J. S. Hill is secretary of the association.

—Texas bankers who make a practice of loaning money to farmers have adopted, for their own protection and for the guidance of borrowers, what is known as a "crop rate sheet for safe farming and bank credit." Taking a forty-acre, two-horse farm as a unit, this sheet states the live stock and the quantity of food and feed crops necessary to support on such a farm a family of five. The prospective borrower is requested to state in the same way the actual system followed on his own farm. The closer the actual practice approaches the system outlined in the rate sheet, the better is the farmer's credit.

The bankers consider that the following arrangement is a safe basis for borrowing and for loaning money:

Food Crops: Number of pigs and weight—four pigs for 1,000 pounds of pork; number of laying hens—50 laying hens or equivalent in other poultry; number of milk cows—two cows, one in milk constantly; area in vegetable garden—one acre for constant supply fresh vegetables and canning; cowpeas and other beans—to be grown in corn; area sweet potatoes— $\frac{1}{4}$ acre; area for syrup $\frac{1}{4}$ -acre sorghum or sugar cane;

pumpkins and cushaws—to be planted in corn for good food and feed; pasture— $1\frac{1}{2}$ -acre pasture. For winter pasture sow a grain between the cotton rows.

Feed Crops: Acres corn with cowpeas, corn shocked—240 bushels on 12 acres, at 20 bushels per acre, 48 bushels cowpeas, at 4 bushels per acre, corn stover, 4 tons; acres in hay crops— $12\frac{1}{2}$ tons, 5 acres sorghum, Sudan or other hay.

Total acres food and feed—20 acres.

Cotton, Money Crop: Acres in cotton—20 acres; total acres in crops—40 acres, two-horse farm, stock and food for the family. For the purpose of the rate sheet, it is assumed that the yield of cotton will be one-third of a bale per acre, and of corn 20 bushels per acre. A farm managed in this way will yield, according to the bankers, an income of \$664.78, with cotton at 8 cents a pound, and of \$698.08, with cotton at 10 cents a pound. On the other hand, the all-cotton farm, with the same prices for cotton, will have an income of only \$460 or \$560.

In drawing up these estimates the labor factor is not considered, although the all-cotton farm probably requires more than the food and feed farm. Furthermore, the fact that 20 acres of cotton can be worked more carefully and a greater yield per acre secured than 40 acres is not taken into account. It is probable, however, that when only 20 acres are planted to cotton a yield of one-half a bale, instead of one-third, could be secured. The food that the

The National Cattle Loan Company



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Capital, \$200,000.00

Sells over its endorsement loans made by responsible cattle men, secured by cattle inspected by our own representatives to banks wishing safe, short-time, liquid investments.

CORRESPONDENCE INVITED

AT THE ST. LOUIS NATIONAL STOCK YARDS

food-and-feed farmer grows for his own use is credited to him at the same price that the all-cotton farmer would have to pay for it. The objection that this food may be more than the farmer's family needs is answered by the fact that some of the products may be exchanged for flour, sugar, etc., or that the excess quantity may be sold or converted into more live stock.

In sending out this rate sheet with the accompanying tables showing the incomes from the all-cotton and the cotton food and feed farms, the Texas Bankers' Association declares that the statement it is asking the farmers to make is a similar one to that required of all merchants seeking loans.

The system adopted as a basis for credit is not, of course, to be considered as inflexible or as applicable to every section of the cotton States. It does, however, serve as a valuable guide for determining to what extent the farmer is conducting his business on sound principles. It is pointed out that no bank ever cares to foreclose on mortgages, and that it is most important, therefore, to have some means of judging of the borrower's ability to meet his obligations.

—Oscar Wells, who retired a short time ago as Governor of the Federal Reserve Bank of Dallas, Tex., to become president of the First National Bank, Birmingham, Ala., was presented recently with a silver loving-cup thus inscribed: "Presented to Oscar Wells, first Governor of the Federal Reserve

Bank of Dallas, by the board of directors and officers. Dallas, Texas, March 2, 1915."

—North Carolina bankers will hold the annual convention of their State Association at Wrightsville Beach, near Wilmington, June 22-24.

—Frank F. Hill succeeds the late S. P. Read as president of the Planters' Bank and Trust Co., Memphis, Tenn. Mr. Hill was vice-president at the time of Mr. Read's death.

—L. C. Humes is president of the newly-organized Memphis Chapter of the American Institute of Banking.

—Here are some interesting facts about banking in Dallas, Texas, from the "Evening Journal" of that city:

Approximately 67,000 individuals and firms in Dallas have "money in the bank." A significant feature of the business and financial history of the city for the last year is the return to thrift—as indicated by the reports of the cashiers of the five national and five State banks, showing a decided increase in the number of bank depositors.

The business progress of Dallas since April 1, 1914, has been intensive rather than extensive—in better methods, rather than in greater volume. If vast increases have not been made, vast savings have been effected by stopping "leaks" and in wise economies. One dollar has been made to do the work of two.

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$950,000

When the war broke, business in Dallas was jerked up with a sudden jar. Men and firms began to take stock. Every man studied his financial condition. Thrift superseded care-free complacency that had come of making money fast. Today Dallas business has profited by finding itself.

The Federal Reserve Bank of the Eleventh District, at Dallas, is closely identified with the business history of the year. The second issue of "The Evening Journal," April 2, 1914, carried the announcement of the location of the bank at Dallas. Opening its doors Nov. 16, 1914, the institution has gone far toward stabilizing credit—thereby serving its intended purpose. The city awoke to the fact that business is done on credit rather than money. It was not money but credit that was threatened. The Federal Reserve Bank made firmer that precious and unseen fabric of the city's credit. The statement of the bank March 12, 1915, showed resources amounting to \$11,565,843.25 and loans totaling \$3,037,092.94.

A decided increase in total deposits of Dallas banks was shown in the statement of March 4, 1915. The statement follows:

Bank.	Deposits.
American Exchange	\$12,015,679.73
Security	7,832,309.33
City	7,027,148.07
Commerce	1,468,581.85
Merchants'	385,559.99
First State	1,074,679.09
Dallas	892,156.60
Citizens'	587,900.00
Central	513,495.08
Oak Cliff State.....	148,971.00
Total	\$31,976,480.74

The 1,756 depositors in the Postal Savings Bank have \$184,339, an average of \$99 for each depositor. About one-third of the postal deposits of the

State are in the Dallas Postal Savings Bank.



AMERICAN BANK AND TRUST COMPANY
SAVANNAH, GEORGIA

—Above is an illustration of the new building of the American Bank and Trust Company, Savannah, Ga., designed and being constructed by Alfred C. Bossom, the well-known New York architect.

The exterior of the building is of marble for the first two stories and marble quoins to the top of the brick infilling to form panels in the ornamental treatment above.

The interior will be equipped with the latest type elevators, both passenger and freight, with direct access from the alley to the freight elevator and the elevators will be enclosed in fireproof shafts throughout carried on their own foundations irrespective of the floors.

The building is also equipped with a



Securities

Our six departments offer exceptional facilities for the investigation, selection, purchase and sale of high-grade securities.

Mississippi Valley Trust Company

ST. LOUIS

Capital, Surplus and Profits over . . . \$8,000,000

staircase treated in the same way, a feature quite unique in the city of Savannah. The offices throughout will be of the latest type with all the latest equipment and requirements with connections for vacuum cleaners, running hot and cold water throughout. Safe cabinets will be provided for tenants if they require them. In fact, it will represent the latest type of New York office building in Savannah.

In addition to engaging in a general banking business, with savings department and safe deposit vaults, the American Bank and Trust Company conducts a trust business, acting as administrator, executor, trustee, guardian, registrar and transfer agent of stocks, and in the trust department will handle real estate in all its branches and make a special feature of the handling of estates.

Although the institution is a young one, the officers in charge of its operation are old bank and trust company men of many years' experience; Mr. Davis, president of the new institution, was for many years vice-president and executive of the old Savannah Trust Company, now merged with the Chatham Bank and known as the Chatham Bank and Trust Company. Mr. Anderson, vice-president, was secretary and trust officer of the old Savannah Trust Company, and Mr. Lebey, secretary and treasurer of the new institution, was assistant secretary-treasurer of the old company.

The bank is going to make a special feature of its vault equipment, and it might be called the "daylight bank" for

the full length of the public lobby will extend the entire length of Drayton street, so that anyone passing along the street will be able to see right into the bank and see the business that is going on at all times.

Mr. Bossom's work in the line of bank architecture is attracting much attention, particularly throughout the South. He has lately constructed bank buildings at Savannah, Durham (N. C.), and at Lexington and Lynchburg, Va.



WESTERN STATES

—George A. Mahan, of Hannibal, who was recently elected a director of the Mississippi Valley Trust Co., is one of the best-known lawyers and business men of Missouri. His public service has attracted such attention that he has been urged several times to become a candidate for Governor, but he has consistently declined to consider these offers, declaring that he is not ambitious to hold office.

Mr. Mahan some time ago purchased the old Mark Twain home and presented it to the City of Hannibal, to be preserved as "an example to the young men of America." Mark Twain rose from poverty to honor and wealth through hardship and work, and Mr. Mahan thought that the great author's career should be a practical demonstration of the opportunities offered young men in the United States.



GEORGE A. MAHAN

NEWLY-ELECTED DIRECTOR MISSISSIPPI VALLEY
TRUST CO., ST. LOUIS, MISSOURI

Conspicuous among the recent work of Mr. Mahan was his campaign for a new banking system. As president of the National Citizens' League of Missouri, he directed the movement in the Mississippi Valley and helped in shaping the policy of the national organization. He declared that the business men and people did not care who might devise the new banking system, but they only desired that the system should conform with republican principles, prevent panics and safeguard business. This declaration became the policy of the national movement.

Mr. Mahan recently served on the commission which framed the new Missouri Banking Code, enacted by the State Legislature at the recent session.

Mr. Mahan is reputed to be possessed of considerable wealth. He is counsel for the Atlas Portland Cement Co., Bell Telephone Co., Wabash Railroad, Burlington Railroad, St. Louis & Hannibal Railroad and virtually all of the

large companies operating in Northern Missouri. He has won widespread recognition as a consulting counsel.

—It was announced April 12 that Assistant Attorney-General William M. Fitch, of Missouri, has resigned to become an officer of the Mississippi Valley Trust Company.

He will manage the company's lately-organized farm loan department, with particular attention to its field work and legal duties.

Mr. Fitch was born in Clinton county, Mo., and is an A. B. of William Jewell College at Liberty.

From 1893 to 1896 he read law under the late Senator H. F. Simrall in the offices of Simrall & Trimble at Liberty, Mo. He was admitted to the Clay County bar in 1896 and from that year until 1913, when appointed assistant attorney-general, he was actively engaged in legal practice in DeKalb and



HON. WM. M. FITCH

NEWLY-ELECTED DIRECTOR MISSISSIPPI VALLEY
TRUST CO., ST. LOUIS

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SOLE AGENTS

F. W. ANDERSON & COMPANY

34 Beekman Street, New York

neighboring counties of northwest Missouri.

He has been actively engaged in the farm loan and real estate title business for over fifteen years, during which time he has placed a large volume of loans for various investor clients, on northwest Missouri farm lands.

Mr. Fitch is enthusiastic as to the opportunities offered by Missouri farm lands, which, he says, require only satisfactory farm credit arrangements for their development.

Not only are Missouri farms rich in undeveloped possibilities, he says, but it is a fact that they are today producing richer crops per acre than farms that sell for double their price in other States.

Mr. Fitch expects to alternate between St. Louis and Jefferson City until his State responsibilities can be turned over to a successor. After this he will make his home and business headquarters in St. Louis, but will spend a great part of his time in traveling over the farm country of Missouri and other States in caring for the business and needs of the new department of the Mississippi Valley Trust Company.

—At Minneapolis the Scandinavian-American National Bank has leased the quarters recently vacated by the Security National Bank, following the merger of this institution with the First National Bank.

Referring to the lease of the new

quarters, President Lyon of the Scandinavian-American National said:

“We have long needed larger quarters. With 4,000 accounts and deposits of \$7,000,000 we have far outgrown our present location.”

—Charles E. Gall has been promoted from paying teller of the First National Bank of St. Paul to an assistant cashier-ship.

—The Vandeventer Trust Company, St. Louis, moved on May 1 from near Vandeventer and Olive streets to Grand and Olive. An increase of capital from \$50,000 to \$150,000 was recently authorized.

—A very substantial and attractive building is under construction for the Lafayette South Side Bank, St. Louis. It is expected that the new building will be finished in October.

—Indiana bankers will hold the next annual convention of their association at Indianapolis on October 13 and 14. Group conferences will be held in May and June in the eight districts into which the State has been divided. The time for these conferences will be fixed by the officers of each group after correspondence with the State officers so that there will not be any conflicts of dates.

—Samuel D. Works, State Commissioner of Insurance, succeeds James J. Ponsford as president of the Commercial State Bank of St. Paul, Minn.

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AUCTIONEERS

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—In order better to acquaint the banks of its territory with the advantages offered by the Federal Reserve Bank of St. Paul, that institution has begun a campaign of education and publicity, under the direction of Curtis L. Mosher.

—For the Dickinson Trust Company at Richmond, Ind., a new building of the exclusive bank type will be erected.

—The Missouri Bankers' Association meets in annual convention this year at Kansas City on May 25 and 26.

—The Iowa Senate defeated the bill by Senator Jones of Villisca placing private banks under State control and inspection. The Anderson bill, similar to the Jones measure, has already been defeated in the House.

—At a recent meeting of the board of directors of the Live Stock National

Bank, South Omaha, Nebr., some extensive improvements in the buildings were decided upon. Most of the building is to be entirely remodeled.

President Lord of the bank announced that the entire first floor would be used for banking purposes. Those now occupying office room on Twenty-fourth street have received notice that the bank wants this room. This will increase the banking floor space to 60x54 feet.

The second floor will be made over into fine modern offices.

—Charles W. Foster is a new assistant secretary of the Northwestern Trust Company, St. Paul, Minn.

—At Kendallville, Ind., the Noble County Bank has completed and now occupies a very fine building of classic design. The building is thirty-four feet wide and eighty-six feet in length and is a one-story structure with the exception of that portion directly over the vault in the rear, which has been arranged as a mezzanine floor. The main banking quarters occupy a space thirty-two feet wide and fifty-eight feet long with a ceiling twenty-six feet high. Marble, bronze and mahogany have been employed in the interior finishing, and the equipment throughout, including the vaults, is most complete and modern.

The Noble County Bank was opened on September 1, 1889, in its present location as a private bank, was incorporated as a State bank in 1891 with \$50,000 capital. In 1911 the capital was increased to \$100,000. Present of-

The Banker and Tradesman
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been the representative
financial and business weekly
of Boston and New England

127 FEDERAL STREET, BOSTON

A History of Banking in the United States

By **JOHN JAY KNOX**

(For seventeen years Deputy Comptroller and Comptroller of the Currency.)

Assisted by a corps of financial writers in the various States; the whole work thoroughly revised by the Editor of The Bankers' Magazine.

THE only complete history of banking in the United States ever published. It is in two parts—the history of institutions organized under Federal charters, and those formed under State authority. Embraces the period from the time the first bank was started to the Currency act of March 14, 1900. As a history of State banking systems alone the book is invaluable.

CONTENTS

Colonial Banking. Banks of the United States. Suffolk Banking System. The Independent Treasury. National Banking System with comparative statistics. Legal Tender Notes. Loans and Funding Operations. Resumption of Specie Payments. General Banking and Finance. State Banking History. Government Deposits in State Banks. Savings Banks and Trust Companies. Banking Legislation. Statistics of Banks. Political Antagonism to Banks. The Clearing-House. Currency Delusions. Portraits and Sketches of Robert Morris, Alexander Hamilton, Albert Gallatin, Nicholas Biddle, Stephen Girard, Salmon P. Chase, Elbridge G. Spaulding, John Sherman and Hugh McCulloch.

OPINIONS OF THE PRESS

The publishers have placed students of finance under great obligations in preparing this grand work, and it must be conceded a place among the few indispensable histories of our country.—*Boston Evening Transcript.*

The whole work has been done with the most painstaking zeal for completeness and accuracy. It is a masterpiece of financial history.—*Indianapolis Press.*

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We have at last a Standard history of United States Banking.—*London Bankers' Magazine.*

The book is a complete record of banking history.—*Louisville Courier-Journal.*

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THE BANKERS PUBLISHING CO.
253 Broadway, New York

ficers of the bank are: A. M. Jacobs, president; W. A. Gillian, cashier; F. L. Bluhm, assistant cashier.

—Montana has a new banking law. It prohibits the formation of private banks in future, but permits those now existing to continue, though requiring them to submit to examination and to make and publish reports. Branch banks are forbidden. Banking reserves required by law are reduced from twenty per cent. to fifteen per cent. The superintendent of banks may refuse to grant organization papers to any proposed bank in a location where existing banking facilities are deemed sufficient.

—Geo. F. Orde, vice-president of the Scandinavian-American National Bank, Minneapolis, is the new president of the Twin City Bankers' Club.

—Adolph G. Sam, assistant examiner of the St. Paul and Minneapolis Clearing-House Associations, is the new cashier of the Stockyards National at South St. Paul, to succeed Gordon C. Smith, advanced to the vice-presidency in place of W. E. Briggs, who is now vice-president of the Northwestern National Bank, Minneapolis.

—A consolidation was recently effected between the German-American State Bank and the City National Bank at Omaha, Nebr. The name of the latter bank will be retained and the quarters of the City National Bank be occupied under the merger. Fred R. Baker, president of the German-American State Bank, is president of the City National, and J. F. Hecox, heretofore vice-president of the latter, becomes cashier.

PACIFIC STATES

—On lines similar to the foundations established in Cleveland and St. Louis and already fully described in this MAGAZINE, a community trust fund has been established at Spokane, Washing-

ton, on the request of leading citizens, the Union Trust and Savings Bank to act as trustee of the fund, while the income available for the purpose of the trust is to be expended by an impartial, nonsectarian, nonpolitical committee serving without compensation. No two members of this committee will be of the same religious denomination and it will be composed of men and women who are informed concerning the educational, social, civic and charitable needs of the city at the time the fund is being expended.

—The twentieth annual convention of the Washington Bankers' Association will be held at Seattle September 6 and 7, in the same week as the meeting of the American Bankers' Association in that city.

—Idaho bankers will hold their annual convention at San Francisco May 27 to 29, in conjunction with all States represented in the Twelfth Reserve District.



CANADIAN NOTES

—Since the beginning of December sales of Canadian provincial government, corporation, and municipal bonds in the United States have totaled at least \$67,000,000. There has been only one sale in London this year, and, indeed, since last July. This was the flotation of the \$25,000,000 Dominion loan in London at the end of March. A fairly large amount of municipal bonds have been sold in Canada. The sales of all Canadian bonds during the past four months (December, January, February and March), as compiled by the "Monetary Times" of Toronto, were made in the following markets:

Bonds sold in	Amount.
Canada	\$9,937,099
Great Britain	25,000,000
United States	67,090,000
Total	\$101,957,099

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-NINTH YEAR

JUNE 1915

VOLUME XC, NO. 6

The Pan-American Financial Conference

AS the date for holding the Pan-American Financial Conference at Washington fell so near the time of publication of this month's issue of the *MAGAZINE*, a report of the meeting and comment on its proceedings must be deferred until another time.

Preparations have been made both by the Government and by the principal cities to entertain the distinguished visitors, and it is hoped that they may have an enjoyable visit to this country.

The assertion has often been made that conferences of this nature rarely result in anything more than an exchange of compliments and civilities. Of course this is something not without considerable value in cementing friendly international relations, but surely it is reasonable to expect that the recent Washington meeting may not be confined to an expression of compliments on both sides. The times demand something more than this—that the way may at least be prepared for effective action that will bring the United States of North America and the republics of Central and South America closer together financially and commercially.

The presence of so many notable bankers and financiers here from those countries ought to give us a first-hand practical insight into the real problems to be met and solved. We shall listen patiently, and let us hope also intelligently and sympathetically, to what our visitors have to say, and after having discussed the matters together fully and amicably it is not too much to look for action that will be mutually beneficial.

CLEARING CHECKS FOR STATE BANKS

REFERENCE was made in the May number of this MAGAZINE to the announcement made by the Guaranty Trust Company of New York of its readiness to clear checks for State banks at par in New York city, the only requirement being that banks desiring to avail themselves of this privilege shall keep a balance with the Guaranty Trust Company, on which two per cent. interest will be allowed.

In making this announcement it was stated by the Guaranty Trust Company that it was hoped that the Federal Reserve Act might "be so amended as to make possible a comprehensive system which shall include all of the banking institutions in the country. Until such time, and in view of the check collection arrangement begun by the Federal Reserve Bank, non-member banks must adopt some method whereby their checks may be accepted at par anywhere."

Manifestly, if the National bank members of the Federal Reserve System were given the benefits of having their checks taken at par in their district, while the same privilege was not available to the State banks, the latter would be at a great disadvantage. They could, of course, remedy this discrimination by joining the system, but they are reluctant to do this until its success shall have been more fully demonstrated by experience.

The action of the Guaranty Trust Company, however, points a way to the State banks whereby they may be put on a level with the National banks so far as relates to the acceptance of their checks at par in New York. It even gives them a slight advantage, since they are offered interest on their balances, while the National banks do not receive interest on their deposits with the Federal Reserve Banks.

The course taken by the Guaranty Trust Company may prove of great importance. It offers to State banks with respect to their checks substantially the same facilities that the Suffolk Bank of Boston offered to the State banks with respect to their notes. This will increase the currency of bank checks, by making them available for remitting funds to New York without discount; still, their prompt redemption will be assured. In a country where the banks

are deprived of issuing their own credit notes, whatever increases the use of checks without prolonging their life, serves a most useful purpose. Under the plan offered by the Guaranty Trust Company, checks on State banks are thus made to partake of some of the best features of credit bank notes—circulation at their par value, and prompt redemption.

The Guaranty Trust Company did not make this offer through hostility to the Federal Reserve System, but merely as a business transaction. If the State banks avail themselves of the offer, the balances of the Guaranty Trust Company will be largely increased by the exercise of a wholly legitimate and salutary banking function. It would seem to be good business for a State bank to maintain a balance in New York, at interest, to provide for the redemption of its checks at par in this center. The country bank that makes its checks equal to those of a New York city bank certainly has a strong advantage to offer to its dealers.

While, as stated, the Guaranty Trust Company is acting in this matter on a purely business basis and is not animated by opposition to the Federal Reserve System, its action will nevertheless serve to stiffen the opposition which a good many of the State banks have shown, not against the system itself, but against being forced into it.

To protect their own interests, if they are to remain outside the system, the State banks will have to take some steps that will make their checks no less desirable in the hands of anybody than are the checks on the National banks. In other words, if National bank checks are worth par in New York, State bank checks must be worth no less if the State banks are to maintain their equality or even their existence.

The Federal Government taxed the State bank note out of existence, and the State banks survived because the check and deposit system gradually surpassed the note-issuing function in importance. But to impair the usefulness of the State bank check by conferring superior advantages upon the checks drawn on National banks would be to aim a fatal blow at the State banking system.

From many standpoints the complete or partial unification of our separate banking systems is desirable, but the State banks are reluctant to give up their present privileges until the advantages of the new system shall be more definitely shown. There is no urgency in the present situation that would warrant even indirect coercive measures to force the State banks into the Federal Reserve System.

By taking advantage of the facilities proffered by the Guaranty Trust Company these institutions can get along very comfortably and take their own good time in making up their minds about casting in their lot with the Federal Reserve Bank.

PHYSICAL CONDITION OF BANK CLERKS

FROM a Boston dispatch to the Chicago "Tribune" comes the information that "of 2,000 New York bank clerks subjected to physical examination only three per cent. were found to be free from physical impairment or dangerous habits. Although their average age is only thirty-three years, thirteen per cent. of these young men and women had hardening of the arteries, five per cent. had organic heart disease, and twenty-eight per cent. had kidney disease."

These figures are given by Prof. Irving Fisher of Yale University, who is chairman of the reference hygiene board of the Life Extension Institute. The institute is sponsor for a movement to raise the average of human life by a system of periodic physical examinations, by which the individual may find his weak spots, and by dieting or physical exercise or medical treatment or other forms of personal hygiene overcome these handicaps and so insure a longer life.

These figures, assuming them to be accurate, only show what they do show. We can not say, in the absence of other related statistics, whether bank clerks are worse off in this respect than other people employed in occupations making a similar demand upon one's physical and mental resources. Nor can we tell, without information as to the bank clerks in other cities of corresponding size and business activity, whether the New York bank clerks are specially deficient or not. Yet these facts—again assuming that they are facts—have considerable interest.

The bank clerk's task is less easy than it looks. Hours are much longer than what the public infer from the sign, "This bank opens at 10 a. m. and closes at 3 p. m." And the work itself is not only arduous, but must be done rapidly under a constant sense of responsibility, and with much consequent physical wear and tear.

In short, the bank clerk is a cog in the wheel of our complex modern rapid-gait business mechanism. That the cogs wear out under the strain need not occasion wonder.

No doubt, however, the bank clerk, who on the whole is a fairly healthy chap, would resent being singled out as the special object of sympathy on account of the character of his occupation. The statement upon which these remarks are based does not warrant the conclusion that the bank clerk's lot is harder than the average. Perhaps the contrary is true, and taking human employments in general the person who has work in a bank is more fortunate than the average person. It would be a safe guess that the bank clerk is envied by the majority of people otherwise employed.

Probably bank clerks and the average worker in other fields are overtaking their strength, and playing too hard at the game of getting ahead in the world.

ENGLISH BANKERS AMUSED AND AMAZED

COMMENTING on the contents of a recent number of this MAGAZINE, the London "Journal of the Institute of Bankers" says:

"English bankers will read with some amusement, if not amazement, in the same magazine, a full description of the utilization of 'Movies' for the purpose of bank advertising and a long article on the efforts of an American 'publicity' firm in the direction of 'Building Character and Developing Prosperity by Educating Bankers and Bank Depositors.'"

The amusement and amazement both appear to be incited by the activity of the American banker in getting the advantages and attractions of his institution before the public.

In the matter of advertising, as in many other things, the English banker is extremely conservative. He is even reluctant to publish an annual or semi-annual balance sheet. But so eminent a London banker as Sir Edward Holden has persistently called attention to the desirability of taking the public into the confidence of the banks, and has himself set an example by publishing the gold holdings of the London City and Midland Bank, of which he is chairman and managing director.

The traditions in regard to bank advertising which still seem to hold good among most of the London banks once prevailed in this country, but they are being broken down. Possibly some of our banks advertise a little too glaringly, though this fault is not a common one. As a rule the advertising maintains that air of respectability, not to say of dignified frigidity, which alone supposedly comports with the solemnity attaching to the conduct of banking. Occasionally someone with a warm heart and a sense of humor becomes dominant in the management of a bank, and when the board of directors are not too observant of what is going on, he ventures into publishing an announcement of the bank's facilities which has the human touch.

Many competent authorities yet hold to the belief that bank advertising must be serious and dignified, but about one thing there is hardly longer any difference of opinion, among bankers in this country at least, and that is that bank advertising may be done with strict propriety, but that it is necessary if the bank is to fulfill its largest possible degree of usefulness to the community and gain the profit which may be derived from such service.

In Canada and in Australia bank advertising appears quite as common as in this country, and of course many of the English banks also advertise quite regularly and extensively. But bank advertising in the United States is on a somewhat freer scale, due perhaps to the great number of institutions and the active competition among them for business.

DEATH OF EX-SENATOR ALDRICH

MENTION was made in last month's MAGAZINE of the death of Hon. Nelson W. Aldrich, long a United States Senator from the State of Rhode Island. His many years of service in the Senate, and the prominent part he took in shaping fiscal and financial legislation, render his career one of exceptional interest. The closing years of his work in the Senate were specially identified with banking and currency legislation. He was the central figure in the memorable fight in 1908 over the Aldrich-Vreeland Bill, which led to the dismissal of Mr. Fowler from the chairmanship of the Banking and Currency Committee of the House, and was practic-

ally the beginning of an insurgent movement which caused the overthrow of Republican rule, and the retirement of Mr. Cannon from the Speakership of the House and of Mr. Aldrich from the Senate. All these matters have passed into the political history of the country, and only passing reference need be made to them now.

Along in 1908 Mr. Aldrich was a firm believer in bonds as the only proper security for bank notes, as shown by the measure prepared by him in that year while chairman of the Finance Committee of the Senate. Further proof of his position, if any is needed, was given in an incident which occurred in Washington at about that time. The Senator was handed a little book by the editor of this MAGAZINE, which was devoted solely to an argument in behalf of the right of banks to issue their credit notes. Senator Aldrich said that he had already read the book, but could not agree with it. But it is a well-known fact that after further study of the matter he came to agree with it in principle if not in detail, for the plan for a banking bill which he prepared while chairman of the National Monetary Commission recognized the principle of basing bank issues upon coin and commercial paper as the correct one. This principle was adopted in the plan finally promulgated by the National Monetary Commission, and had even been given partial recognition in the Aldrich-Vreeland Law itself.

Senator Aldrich was a very able man, a close student and a tireless worker. It is one of the curiosities of political life that the work in behalf of currency and banking reform to which he assiduously devoted the later years of his public career was not destined to produce full fruit under his guidance. Before that result was achieved, his party had been driven from power and he himself had left the Senate.

The plan which the National Monetary Commission proposed was in many of its essentials adopted by the Democratic Party when it came to legislate upon the subject. Each provided for strong banking centralization; the first proposed a single central bank, called the National Reserve Association; the second a central bank called a Federal Reserve Board, with twelve branches.

While both the plan of Senator Aldrich and the Glass-Owen plan favored a central bank, there were important differences in detail. The Monetary Commission plan made the notes issued by the National Reserve Association substantially credit bank notes; the Glass-Owen Federal Reserve notes are Government obligations. It

must be admitted, however, that the difference between the notes proposed under the one plan and adopted under the other are more apparent than real, for the manner in which the Federal Reserve notes are issued to the banks endows them substantially with the qualities of credit bank notes.

The work done by Senator Aldrich undoubtedly stimulated interest in the subject of banking reform and helped to secure legislation in 1913. If he himself was not in power when that legislation was enacted, he at least lived to see the seed he had helped in sowing produce a harvest.

THE RIGGS NATIONAL BANK'S SUIT

MUCH attention has been given in the newspapers to the suit filed by the Riggs National Bank of Washington against the Comptroller of the Currency, the Secretary of the Treasury and the Treasurer of the United States, restraining these officials from paying into the Treasury of the United States a certain sum of money, being interest on bonds of the bank deposited to secure circulation, and withheld from payment to the bank as a penalty assessed by the Comptroller for failure on the part of the bank to make certain reports called for by him.

The Comptroller of the Currency has very seriously complained of some of the bank's methods of handling certain accounts, and the bank has contended on its side that these methods have been entirely proper.

It should be stated that the Comptroller has not at any time questioned the bank's solvency. As a matter of fact, the institution is one of very great financial strength.

The controversy has assumed a semi-political character, and there are even hints that the Riggs National Bank is, in effect, championing the rights of the banks generally against what are alleged to be the arbitrary methods of the Comptroller.

The powers of the Comptroller of the Currency are fixed by statute. They are not unlimited, much less is there any warrant in the law for anything savoring of persecution of the National banks. It would not be a fortunate thing if a Comptroller of the Currency were allowed to use the powers of his office to gratify any personal malice he might have against the officers of a particular bank. The

officers of the Riggs National Bank seem to think this is the course Comptroller Williams is pursuing toward their institution. On the other hand, the Comptroller has made a number of definite and specific charges against the bank. If the courts should sustain these allegations, the action of the Comptroller will at least have the sanction of judicial vindication. While the matter is pending before the court, which is the case at the time this was written, further comment may properly be withheld.

TWO BANKING EXTREMES

IN conversation with bankers recently in the West, we have gained some knowledge of what appears to us as representative views of extremes of banking in the United States.

One banker in a small Illinois town stated that money in his neighborhood was very tight, and that the banks were using their utmost efforts to care for local demands.

"If," he said, "we could use our own credit notes to circulate here at home, it would be much easier for us to take care of our customers."

Passing on to Chicago, we talked with an officer of one of the big banks there. He said: "The young man whom you just saw at my desk was making an offer of commercial paper for six months at two per cent. This means a plethora of funds, and spells business stagnation notwithstanding all the prosperity talk we may hear."

Again at Minneapolis a commercial paper broker told of a six months' loan in New York at two or two and one-half per cent.

Here are the banking extremes: at one point scarcity of funds, and no doubt a high rate; at the other a plethora of funds and a nominal rate.

We are, of course, not unmindful of the differing conditions in the localities under consideration which affect the supply of loanable funds and the rate therefor. But making full allowance for these factors, there seems too much difference.

Did not the country banker put his finger on the real source of the difficulty?

His bank can not use its credit in the form of circulating notes;

and this prohibition deprives him of a privilege that would be serviceable to the people of his community. On the other hand, the big banks in the cities, practically, can not decrease their ordinary supply of currency, which tends to cause plethora at the money centers.

That is, our present currency system deprives some communities of the currency they need and forces upon other communities the currency they do not need.

Why should not Congress permit the people of any locality to determine for themselves the kind and amount of circulating credit they need, testing the soundness of that demand through their own local banks?

Is not the true test of a bank note's usefulness the continuance of its circulation where needed, and its retirement where not needed?

We ask every banker if our present bank-note system does not work in exactly the opposite way?

We should also like to ask whether the Federal Reserve System has done anything whatever toward remedying this situation?

We call attention to these facts: banking funds are still piling up heavily in the financial centers, and the total supply of currency, in the face of a general depression, has largely increased.

Is our banking question settled? Or have we even made a beginning toward its settlement?

THE CROP PROSPECTS

THROUGHOUT the country the crop prospects are generally good. Already there is talk of a wheat crop of one billion bushels, which of course may not be realized at harvest time. Conditions were as a rule favorable to corn planting, though exceptionally cool weather may have rendered replanting necessary in some sections. There has been of late, in most parts of the country, a generous rainfall.

While it is yet far too early to feel assured of abundant crops the coming summer and fall, the prospects up to the present time are

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Everyone, even to the poorest, carries some money on his person or in reserve for the daily needs. It is needful and proper that this should be so. There is a constant call for ready money that only cash can supply. But the man who carries on the person or in the home more than the actual needs require is doing an injury to himself, the bank and the community. To himself because of the risk of fire, theft, loss both of principal and interest; to the bank in depriving it of the fund as the basis of credit

and the profit that attends banking operations; and to the community in depriving it of its circulating medium and the credit structure that rests upon the foundation money builds.

We can best understand what the bank does for the community by an attempt to picture a bankless condition.



THE BANK A DEPOSITORY

LET us assume that a merchant is doing business in a bankless community. He balances his cash for the day, closes his store and finds a considerable sum of money on hand, which he must protect. He may have one of those "look strong but act weak" safes, which any good burglar could open in twenty minutes with a can opener and a jimmy; or he may do as some merchants to my knowledge do, put a label on the door "turn the knob to the right and the door will open," to assist the would-be thief in quickly discovering that there is nothing inside and nitro glycerine needless, for the merchant's money is safe in a tin box under his bed.

But the bank comes in and says to the merchant and the individuals: We will accept your money on deposit. We will protect it with all the devices known to the safe-maker's art. We have strong vaults, watchmen, burglar alarms. We accept the risk of loss for you. If it burns, or is stolen, the loss is not yours but ours. We are a depository and a safe depository for money funds. That is our first service to you and to the community.



THE BANK A PAYER OF CHECKS

BUT if the merchant could only put money in the bank, it would be a mouse-trap proposition—he could only go one way—that's in; but the bank makes it easier to get money out than it does to put it in. Let us suppose fur-

ther that the merchant owes for goods purchased in Texas. He must make payment. How shall he do it in a bankless community? He can send a messenger; he can buy a postal money order or an express order, but these latter two are banking functions pure and simple, stolen from the bankers while they slept. He can send it by express; but all these are cumbersome, unsatisfactory and costly. But the bank comes in and makes the proposition that if the merchant will deposit with it, the bank will honor his checks as long as the account is good for the amount. He can draw as many checks, in amounts as large or as small as he may care to, send them whithersoever he will, and the bank, like the kodak, will do the rest. And besides, it warrants to him that it will (a) pay no checks he has not drawn; (b) pay no check for a larger amount than he drew; (c) pay to the party whom the check was drawn and none other. And failing in these, it assumes the loss as its own. Herein the bank serves the depositor in the largest sense, distributing funds the country over at little cost and with expedition and safety. This checking function has grown to enormous proportions, the items passing through the New York Clearing-House numbering over 500,000 a day. We therefore have the checking function, closely allied with the deposit function and depending upon it, and collateral to it.



THE BANK A LENDER OF MONEY

LET us now suppose that the merchant needs additional funds in his business. He can get a liberal discount if he pays cash; he wants to stock up for the holiday trade; he could make more money if he had more money. Therefore he goes to his neighbors and friends and solicits a loan of a thousand dollars. Nobody will lend to him. They have nothing to loan. They do not know enough about his affairs to judge

the risk. But he goes to the bank and lays his case before the banker. He presents his "statement of condition" which the banker analyzes and ascertains that the merchant is good for anything he needs. He has assets of, let us say, \$10,000 and owes \$5,000 and is therefore worth, net, \$5,000 and wants \$1,000 more. Knowing him, his methods and his character, the banker lends advisedly and with full knowledge of the facts, and serves not only the merchant but himself. He therefore takes the merchant's note of hand for the amount, pays the money over, or, most generally, gives him credit for the amount, against which he may draw his checks.



ONE DOLLAR DOES THE WORK OF FOUR

NOW, the peculiar fact of the matter is, the merchant does not want a thousand dollars in cash, for it serves his purpose better to have the amount passed to his credit the same as a cash deposit, against which he draws his checks exactly the same as if he deposited gold. And the other peculiar fact is that the banker, in order to loan four dollars need have but one in money. That may sound far fetched, but it is true nevertheless. Therefore, one dollar does the work of four. Let us prove the proposition by working backward. If four men each have \$25 in the bank it is safe to assume, and experience bears out the assumption, that not more than one-quarter will be demanded at any one time. Therefore, if the banker holds but \$25 in his till or readily obtainable, he can obligate himself to pay \$100, if the obligation consists of a deposit liability.

Now, the primary reason why the dollar that is not needed for current necessities should be deposited in the bank is the fact that in the banker's hands one dollar is as good as four in the individual's. And as long as the banker holds one, he may lend four in credit; and only under unusual conditions such

as obtain but seldom is this law ineffective. And the banker logically demands this floating money in order that he may use it as the foundation for his credit structure.

The great suspension bridges that span the East River are held up by wires, each hardly strong enough to support the weight of a single trolley that moves over them; but bound together in a cable they make a mighty structure. This is true of the floating funds in a community. A dollar in the hand is only a dollar, but when it gets into the bank and is combined with other like dollars it makes a credit structure that supports the industry of the world.



THE BANK A BUYER OF CREDIT INSTRUMENTS.

LET us suppose further that the merchant has sold a bill of goods, seed, fertilizer, etc., to a farmer for his spring planting. The farmer is perfectly good, and will turn the seed and fertilizer into grain in the course of a few months, but cannot pay now. The merchant cannot wait six months for his money, because he must buy and sell many bills of goods in the meantime and must pay for his goods promptly if he would buy to advantage. Therefore he asks the farmer to give him his note of hand, which he can turn into money long before the farmer will have the funds to make payment for his goods. He thereupon receives the farmer's promise to pay \$100, let us say, six months hence. This he takes to the banker and offers to sell (discount) it. The banker buys this piece of paper—this promise to pay, and gives the merchant credit for \$97, or the cash as he may prefer, probably the former, and we thus have the third function of the bank, that is to discount or buy these instruments of credit, promises to pay, which the banker holds until maturity, and for so doing obtains his compensation and at the same time expedites and encourages business transactions. For this the banker is especial-

ly equipped; he knows how; he has the funds, and can wait for payment until by the productive processes of soil chemistry he will get his pay out of the proceeds of the harvested crops of the farmer. The same is true of any transaction involving the transfer of goods. The merchants trade one with the other, and out of the transaction there arises an instrument which the banker buys and holds in his portfolio as an asset against the debt he creates by giving credit on his books, or by issuing his notes, and we have the system of discounts which has characterized banking ever since its conception centuries ago.



THE BANK A MANUFACTURER OF MONEY

LET us suppose again that the merchant has taken a contract involving the employment of labor. Pay day comes. Now, labor cannot be paid by checks; for while the bank check is the perfect medium of the larger payments, it is unsatisfactory as a medium for the smaller payments, and especially among laboring classes. It is not money, although in large operations it displaces money perfectly. But labor must be compensated by cash. The merchant has not a dollar available. He goes to the banker and asks to borrow the money and offers his note. The banker looks in his till, and finds not even the required twenty-five per cent. to make a deposit-loan possible, and shakes his head. He would like to make the advance, but cannot.

Being a resourceful fellow he goes to his strong box and takes out a government bond, sends it to Washington, and in return receives, let us say, 200 \$5 National bank notes. These he tenders the merchant in exchange for the note and the merchant pays his hands and they are perfectly satisfied. Anybody will take these notes; for while not money in the last analysis are as good as money, for real money (gold) will be

paid for them if demanded. We therefore have the note issue function; and the banker has created something that did not exist before and has placed a new force at work in the community, just as he created a new force when he placed the merchant's note to his credit and allowed him to check against it as if money itself had been deposited. And this force is credit; and credit when put to work under the banker's protection and supervision is equally as effective as money, and cheaper.

Under the Federal Reserve Act the note of the merchant (had it complied with the provisions of the act, which this note would not) could have been taken to the Federal Reserve Bank of the district, and in a few hours at the longest, Federal Bank notes would have been exchanged for it, and these like those mentioned would have been perfectly satisfactory to the laborers.

We therefore have the bank in the community as the great assembler of money funds, for the purpose of protecting them, paying them out as ordered and using them as the basis of its credit operations; making loans either in cash, but most frequently in the form of deposits on its books; buying negotiable instruments that arise from business dealings, and furnishing the circulating medium without which the business of the country could not be conducted.

The banker frequently complains of the nuisance of the small depositor—the unprofitable account that has but a small working balance, forgetting that in the sum total of these balances he has a foundation for credit that he would not have otherwise. It is as if the builder would despise the single brick, forgetting that bricks when held together by cement make walls and abutments; and the small deposit while it may at times seem to be unprofitable, may become, if rightly used, the foundation for a much larger sum in credit, and credit like money can be sold for a price, and is as profitable to loan as the cash itself.

My Experience With Cattle Paper

By W. P. DICKEY, President and Manager Portland Cattle Loan Company, North Portland, Oregon

PRIOR to the enactment of the new Federal Bank Act, a great many bankers had a vague idea of the importance and merits of cattle paper. It is my belief that the Senators who drafted this bill had specifically in mind such paper as offered by cattle loan companies, as such paper is eligible for discount up to six months' maturity.

We have all heard a great deal of discussion about high prices which the housewife has been obliged to pay for beef, and have attributed it to various causes, but to my mind and observation, and I am very closely in touch with the live-stock interests, I feel that increased production is the only factor which will lower the cost to the consumer.

The bankers of this country can do admirable work toward assisting in the increased production of cattle, by the purchase of cattle loan paper. The purchasers of this paper are assisting the farmer to restock and feed cattle and sheep. Livestock also acts as a fertilizer to the soil, in many instances rebuilding old soil which has been non-productive.

It is very hard indeed for a farmer to make a success of his business without livestock, and loans such as cattle loan companies make show a farmer a way in which his cattle can carry off his feed to market.

We have been in business three and one-half years and have loaned in the aggregate \$20,000,000 and our losses have been less than \$600. This record alone should demonstrate the merits of cattle paper.

Several years ago bankers throughout the Northwest noticed that cattle were advancing rapidly and encouraged most

of the growers and raisers to dispose of their cattle, never thinking but that they could be replaced, just as a man could grow a new crop of grain or hay. I find there has been very little benefit derived from the sale of the cattle, as those who sold were simply enabled to pay up their debts, a few moved to town, or enlarged their homes, and I venture to say that nine out of every ten of these men wish they were back in the cattle business.

While a great many of our ranges have been settled by homesteaders, there are still vast acres in our territory on which the land is of no use except to run cattle and sheep, and to restock these ranges requires a large amount of money.

The cattle loan companies have been made the farmer's and rancher's bankers exclusively for cattle and sheep. The writer of this article was formerly cashier of the Livestock National Bank, Sioux City, Iowa, and it was there that he received his training. Most of the cattle loan companies have sprung up from stockyards banks, as these banks were taxed to their utmost capacity at all times and found they were unable to take care of the great demand made upon them for livestock loans, hence the organization of the cattle loan companies, as a rule owned by the same stockholders as the stockyards banks.

These cattle loan companies offer, with their endorsement, a farmer's or rancher's note, supported by a chattel mortgage covering a sufficient amount of livestock to more than liquidate the note at any time, and the purchasers of these notes are assisting the cattle loan com-



WALTER P. DICKEY

PRESIDENT PORTLAND CATTLE LOAN CO., NORTH PORTLAND, OREGON

panies in developing the reproduction of livestock. I would make three classifications of cattle loans, viz:

1st. FEEDER LOANS.—that is, loans made for the purchase price of cattle, where the borrower owns his feed free and clear of any encumbrance. This is the most liquid class of cattle paper, and as a rule four to six months is ample time. When such a loan is made it is the business of the cattle loan company to see that the borrower has the feed as represented, and that careful inspection is made by their inspector. If everything is found as represented, a chattel mortgage is taken on the cattle and feed.

Permit me to say that this class of loan is increasing in value daily. As we know, cattle gain from $1\frac{1}{2}$ to $2\frac{1}{2}$ pounds per day, and a steer going into the feed lots weighing 1,000 pounds, costing six cents per pound, or \$60, has every right to come to market in six months' time weighing 1,200 pounds; as a rule the market for fat cattle varies from two to three cents per pound higher than for the thin animal that is going on feed, or ultra-conservatively one cent per pound advance, which would make the animal worth at maturity of the note, \$84 gross.

2nd. STOCKER LOANS.—Under this classification we list cows, yearling steers and heifers, and I consider there is no safer risk than a loan on a cow, when well margined, as the calves from these cows are being contracted at weaning time, in this territory, at \$25 to \$30 per head. So you can readily see that with a loan on a cow, at the rate of \$50 or \$60 per head, in good hands, it is only a matter of a year, or eighteen months, until the loan will liquidate itself from the offspring of the cow. You might say the cow is the plant and the foundation.

Cattle loan companies should be able to make a great many such loans, owing to the fact that the production is thereby increased.

These stocker loans, as a rule, are made on six months' time, with the privilege of one or two renewals, but there

is a cash market for this class of cattle, the same as beef cattle, at all times.

3rd. SUMMER LOANS.—At the time this article is written, in the spring of the year, owners of grass are anxiously looking around for cattle to summer. This grass is the cheapest feed at all times, and the cattle make about as large gains on grass as they do in the feed lots. As a rule these cattle are bought, in our territory, in April and May, and most of the cattlemen can run more cattle in the summer than winter. If a loan is made on 1,000 steers at this season of the year, in the fall the borrower will reduce, of his own accord, to 250 head, providing he only raises 500 or 600 tons of hay, as none of the stockmen with whom we are dealing, and very few others, if any, run their cattle these days without feed during the winter. Therefore you can see that cattle loans are continually liquidating.

I sincerely hope that the readers of this article will keep in mind the good they are rendering the entire country in purchasing cattle paper. There is practically no hazard these days, as cattle loan companies make it a business to see that there is sufficient feed provided for the cattle during the winter, and it is not cold stormy weather that destroys cattle, but starvation. As a rule the summer loans are made on cattle within fence, as most of the large ranches today are fenced, and our inspectors know these places the same as a man would know the rooms in his own house.

There is at this market, as well as all other markets, a brand inspector, who examines and verifies every animal that comes into these yards, and reports to us daily the various brands of cattle which are on the market. In addition to this, next month a law will go into effect in Oregon whereby the railroad companies are required to place on each bill of lading the brand of the cattle they are shipping.

We also make loans on sheep, and have found this a very desirable risk, as mutton is becoming more of a factor as a food article, and with the price of wool high, the grower has two crops

from his ewe each year. This past year it has been possible to make fifty per cent. on a \$7 ewe, as she will shear a fleece of wool worth \$1 to \$1.50 and they are contracting lambs for fall delivery at this time for \$4 to \$4.50. Running expenses will not amount, to over \$2.50 per animal. Statisticians show the death loss on sheep from disease and exposure to be about six per cent.

Feeding loans on sheep are made about the same as on cattle, although the sheep loan does not run over three or four months, as the animal is much smaller and fattens more quickly.

In making loans on sheep we take a chattel mortgage on the sheep, wool and increase.

Providing the management of cattle loan companies is experienced, their losses at all times should be nominal.

Aiding Check-Raising by Giving Checks to Strangers

IT is said that "there is nothing new under the sun," and this applies to the methods of the bank forger as well as to other things, but that banks still need to warn their customers against handing out checks to strangers is still apparent from the experience of W. E. Hingston, the Boston handwriting expert, as told the other day to a representative of THE BANKERS MAGAZINE.

"Here is a pretty little case," said Mr. Hingston, "and the interesting part of it is, it's the fifth one I have had this week.

"You see this check is for \$81.40. Looks regular, doesn't it? Duly drawn and duly signed and apparently everything perfectly straight.

"About a month ago a slick-looking gentleman of the Hebrew race dropped into a little haberdashery in the North End along about five o'clock in the evening, made a small purchase, and while being waited upon, apparently made a mental appraisal of the business and of the proprietor as well. After satisfying himself, he talked, with a good command of Yiddish, to the proprietor about business. He was from New

York, wasn't trying to sell anything, but when he talked of trade in general, he and the proprietor were naturally on common ground and the humble proprietor could not help but be impressed by the appearance of the well-dressed stranger of his own race.

"The package was done up finally, but as the stranger started for the door, he paused as if he just happened to think of something. He held the \$1.40 change in his hand and turning to the store-keeper said, 'By the way, you keep a bank account, don't you?' 'Oh, yes, I keep one in the Blank Trust Company.' 'That is all right,' he said. 'I nearly forgot it. I want to send \$1.40 to New York to-night. I saw a little thing advertised in one of the magazines and I think I will take a chance at it. It is too late now to buy a post-office order and I don't want to chance sticking this change in a letter. You know the risk, especially when they can feel the money through the envelope. If you will just give me your check for \$1.40, here is your money. Just make it out to cash. That will do and there won't have to be any identifying.'

"Well, why should he hesitate? He

was giving his check to the stranger, to be sure, but didn't he get the cash for it in his hand? Of course there was nothing to risk in this. Even the diamond glistening from the stranger's necktie, which had been duly appraised by the proprietor, was a sure sign of financial probity, and the accommodating proprietor took his check-book from his small safe and with the money alongside of him, made the check for \$1.40, duly signed it and handed it to the stranger, who insisted upon his accepting a perfect.

"That was the end of the transaction for the time being.

"After the stranger had passed out of the store, he went his way to another store two blocks further down the street, and the same little scene was enacted,—this time for about 50 cents worth of goods and as in the first case a \$2 bill was tendered. Before he left he had another check for \$1.50, and so this scheme must have been repeated at least five times to my knowledge and how many more I have no means of telling.

"I want to state also that these transactions occurred during the first week in the month. Three weeks passed and the time came when five storekeepers received their monthly statement from the bank with their vouchers enclosed. When they glanced at the balance to their credit (and trust the small merchant for not knowing just about what it should be) five brows wrinkled and five men began to think. 'How is this, nearly \$100 less than what I counted on? There must be some mistake.' And the five small merchants sat down at their desks and took out their checks one by one and compared them with their stubs, finding of course the raised checks.

"Well, the result is he calls upon the bank. The banker does not believe the story, but when another customer comes to the same bank with the same story, they wonder if this is not a conspiracy. One of the five men has gone to police headquarters and told his story. At that place they look upon matters a little differently from the banks. First

thing they think of is a raised check. Another bank then calls upon one of the bank squad and informs him and he reports it at headquarters, and that makes two cases. That is enough to set the wheels of justice going and they know there has been a new crook in town. Inquiries among other banks have started. Naturally all of the five checks are traced to the stranger. There may have been others, but either through carelessness or some other reason no complaints have been made.

"All of these checks were submitted to me with the story to see if there had been collusion among the alleged victims or whether the story was true or not.

"Well, it is easier to solve this problem than it looks on the surface. In the first place the slick stranger had selected his victims from among those who he did not believe would go to the expense of one of the protecting devices on the market and even if it happened to be that the check was protected, he could lose nothing anyway, for it was a simple matter to have it cashed and get his money back.

"But the facts are these: He had made his correction in the privacy of his room, using one of the common ink eradicators, taking out the original amount and filling it in to suit himself.

"But there is one fortunate thing for the man in my business and that is that every chemical has its re-agent. There is a certain sulphide in our common inks which is colorless and which penetrates the paper, leaving the coloring matter on the surface. When the ink eradicator removes the coloring matter, it has no effect on the colorless sulphide which has penetrated and which still remains, although invisible. Therefore all we have to do is to subject the paper which has been treated with the ink eradicator to the fumes of the re-agent for the colorless sulphide and immediately it comes out.

"In the presence of the bank attorneys, I treated each one of these five checks in this manner and brought out

the original amounts which in every case corresponded with the stub, proving that the merchants' stories were correct. How the matter was settled between the merchants and the banks does not concern me, but it only goes to show how easily the trick was done.

"This man chooses a time which will give him at least three weeks before an

ordinary chance of discovery. He was clever enough to figure about what was the average balance that any of these tradesmen would naturally keep. In these cases he got between \$400 and \$500 out of the five men.

"It is an old story, of course, with a little variation, but it needs to be retold once in awhile as a warning."

Money Legislation in Cuba

By W. H. MORALES, Secretary National Bank of Cuba; Ex-President Cuba Chapter American Institute of Banking

THE Monetary Law of Cuba, as it stands, is a result of the European war, forming as it does part of the plan of national defense enacted by the Cuban Congress, and approved by President Menocal on October 29, 1914.

Such a sweeping measure of legislation became necessary to meet the falling off in customs revenues, due to the curtailment of exports by the European nations, and after providing for various forms of public economy, the law prescribes a national coinage, based on the single gold standard.

While a change from one money system to another is usually the result of slow evolution and wide preliminary discussion, there are cases where the public emergency calls for immediate action. This occurred in Cuba last fall, when the unprecedented rise in the price of Spanish and French coins made it imperative for the Cuban legislature to authorize a national currency, which would emancipate the country from a European system, costly and inadequate for local needs, and enable Cuba to buy gold and silver in the open market and coin them in the mints of the United States, which is provided for in the same law.

The demand for money in Cuba has grown with the tremendous increase in her national wealth and industries. Her foreign commerce has almost doubled in the last ten years, and with a prospective sugar crop of 2,350,000 tons this season as compared with 2,597,732 a year ago, representing an expected total value of \$164,500,000 in comparison with only \$129,886,600 for last year's record crop, it is evident that a monetary law to increase and normalize the circulating medium was necessary.

In adopting a national gold standard, at a mint parity with the American dollar, which is also made a legal tender under the same law, the country will be afforded an ample currency. American metallic and paper money will circulate to the exclusion of other foreign moneys, simplifying exchange operations and adding another link to the established close relations with the United States.

As the new coins have not yet been issued, their circulation cannot be discussed. The first shipment, amounting to \$300,000 gold and \$431,000 silver, was delivered April 7 by the National Bank of Cuba, the Government agent, to the Treasurer of Cuba, and will shortly be circulated and absorbed by the public, which eagerly awaits the new coins.

The main provisions of the Monetary Law are as follows:

1. The unit of value is prescribed as a gold peso, of the same weight and fineness as the American dollar, namely, 1.6718 grams gross or 1.5046 grams of pure gold.

2. Gold, silver and nickel pieces are to be coined, of specified sizes and denominations.

3. Gold coinage is to be unlimited, and that of silver shall at no time exceed a total of \$12,000,000.

4. The gold coins are to be an absolute legal tender; those of silver, a full lawful tender for obligations not in excess of \$10, and to the extent of eight per cent. of payments in excess of that amount. Nickel coins (that is, five cent, two cent and one cent pieces) shall be legal tender to the extent of \$1 only.

5. United States currency shall be likewise a legal tender in payment of debts.

6. All foreign moneys, except United States currency, are to circulate only as "merchandise" under the law, but may be tendered in payments where so provided by agreement.

As the new coinage law demonetized the Spanish gold dollar, an ideal Spanish or French coin of 21.13 grains of pure gold, used solely in Cuba as a legal standard of computation for a century past, the President of Cuba, in order to define its continued use until supplanted by the national currency, issued Executive Decree No. 1006 of 1914, providing that Spanish and French gold coins in circulation shall continue to be estimated, as heretofore, at \$5.30 and \$4.24 Spanish gold for the alonsino and luis, respectively. These coins, which are still in circulation, will be repatriated by the Government in two years, and Spanish silver in one year, in such a manner as not to affect the exchanges.

Owing to the eight per cent. legal-tender limitation placed on the national silver coins in payments greater than \$10, and the redemption idea inseparable from a composite monetary system based on gold, the question of the probable exchange relation between the two metals is oftentimes asked. It is be-

lieved that the continuous demand for silver money under the limited coinage thereof, together with the avowed intention of the Government to maintain a minimum gold cash reserve of thirty per cent. the first year, twenty-five per cent. the second year, twenty per cent. the third year, and fifteen per cent. thereafter, as stipulated in the contract



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under the award of bids to the National Bank of Cuba, will amply serve to maintain the silver coins at par with gold. A simple illustration is the ruling demand for Spanish silver, which owing to its limited supply has been quoted above the gold par for more than ten months, with no promise or undertaking of the Spanish Government (which used a double standard similar to that of the Latin Union) to redeem the coin in gold. The decision of the Cuban Government to limit the first issue of silver to \$6,000,000 is an evidence of its conserv-

ative policy to determine the precise amount needed to satisfy the requirements of the country.

A further sign of the expected parity between the two coins is found in the recent determination of the leading banks and bankers of Cuba to accept the new silver at par with national gold or

United States currency, in all items and differences of less than five dollars.

With an adequate currency system, a large sugar crop in prospect and all foreign markets open to Cuban products, the feeling of optimism which prevails among the bankers and business men of the Island seems to be justified.



Loans for Farmers

GOOD results are expected by the St. Louis "Republic" from a better system of making loans to farmers. It says:

"The activity now in progress looking to the establishment of a system of banks or financial institutions of some kind which shall lend money to farmers naturally leads many city people to wonder just why farmers should need a special credit system. One answer is that over a considerable part of the country they do not feel any such need. Farmers in the better parts of Missouri and other States where the country is well settled and land high-priced can borrow money on equal terms with city borrowers. Their land is readily salable and for that reason makes desirable security. They are prosperous and their personal credit is high, so that they can finance their farm operations very much as a merchant buys and sells.

"The man on cheaper land remote from markets is in a different case. His land is not so desirable as security, both because it is worth less than the better land and because it is hard to sell. The insurance companies and big money lenders will not take the chance of having that kind of land come back on their hands, and this leaves the farmers of this class to local money lenders, who make hard terms and charge high interest. Nevertheless these farmers are the very ones who need capital in order that they may improve their farms, buildings, stock and machinery.

"Society at large is interested in seeing that they get the money, for the whole question of living costs is tied up with the question of more productive farming. When such a farmer borrows money on his farm under the present system it will be upon a mortgage running not more than five years at a rate which is a serious drain upon his resources. A bad season may deprive him of the means to pay even the interest, to say nothing of making provision for reducing the principal. The day when the mortgage matures finds such men worse off than when they started. The farm has been 'mined' to pay the interest and even the human beings on it have deteriorated.

"What is needed in order that such farmers may finance their business without selling themselves as slaves to a mortgage is a system of long-term loans, to be paid in small installments, which constantly reduce the principal and hence the annual interest charge. It is not impossible to devise systems under which that kind of money lending will pay sufficiently well to attract capital and still leave the interest rate paid by the farmer at a reasonable level. The result is that the money borrowed really improves the farm instead of eating it up.

"Better farmers, a higher agricultural yield and an advanced state of development for the whole country at large are the results which may reasonably be expected to follow."

Banking and Commercial Law

CASE COMMENT AND REVIEW

A Bank Cashier in the Stock Market

A TRAIN despatcher who afterwards became a bank cashier could not resist the temptation to "dabble in Wall Street" and supplement his modest salary with a little "easy money."

In the course of about three months he sent a stock brokerage firm checks aggregating \$81,364.90, which were duly paid without overdrawing his personal account. In due season he confessed to having embezzled a large amount of the bank funds, and certain stock, and the bank sought to recover from the firm the above amount with certain additions and deductions, on the ground that the checks were paid from funds stolen by the cashier from the bank, and that the firm had notice that the stock and funds belonged to the bank. The cashier would purchase investments for the bank, credit his account with the purchase price and pay for them with his personal check. This fact was known to and approved by the board of directors. He was authorized by the board to purchase these securities, and each purchase was duly ratified. After the board authorized the purchase, the cashier would give an order to the brokers to buy, and on being notified that purchase had been made, would credit his account, and send the firm a check for the amount. Entry was duly made in the books of the bank, but the bonds were left with the firm and sold for defendant's account.

The issue of the wrongful use of these bonds was not tried, the case resting on the charge that the funds to make the checks good were stolen. The court

said: "I am unable to see any legal basis upon which such claim can properly be predicated. The bank having authorized the cashier to purchase the bonds, he having made the purchase and paid for them with his personal check, had a perfect right to credit his account with what he had paid; especially so, after the purchase had been ratified and approved. The mistake which the board of directors made was that they did not require the cashier to produce the bonds when the purchase was ratified."

(First Nat. Bank of High Bridge, N. J. vs. Hudson in May issue, p. 609.)



Oral Certification

KENTUCKY.

Acceptance—Certification—How Made.
Court of Appeals, Kentucky, Feb. 5, 1915.

EWING VS. CITIZENS NAT. BANK.

A check is a bill of exchange drawn on a bank and an acceptance thereof to be binding must be in writing.



ACTION by J. F. Ewing against the Citizens' National Bank. From a judgment for defendant, plaintiff appeals. Affirmed.



STATEMENT OF FACT AND OPINION.

SETTLE, J. This is an appeal from a judgment sustaining a general demurrer to the appellant J. F. Ewing's petition as amended, and dismissing the

action. The action was brought to recover of the appellee, Citizens' National Bank, of Lebanon, Ky., \$291.40, the amount of a check drawn upon it by Charles Camden, payable to appellant.

The material facts alleged in the petition as constituting the appellant's cause of action are as follows: The check was given appellant by Camden January 12, 1914, in payment of a debt he owed him. At that time Camden, though insolvent, had on deposit in the appellee bank to his credit money sufficient in amount to pay the check. On that day appellant went, during banking hours, to the appellee bank, exhibited the check to its assistant teller, and asked him if it was good. The assistant teller advised him that the check was good, and that Camden then had on deposit in the bank money enough to pay it. Instead of then obtaining the money on the check, appellant informed appellee's assistant teller that he did business with the Rolling Fork Bank at Bradfordville, a village near Lebanon, and asked him if appellee bank would pay the check if he deposited it to his account in the Rolling Fork Bank for collection. In reply appellee's assistant teller told appellant that the check would be paid by the appellee bank when presented to it by the Rolling Fork Bank. On the following day, January 13, 1914, appellant deposited the check in the Rolling Fork Bank, and on January 14, 1914, that bank presented it to the appellee bank for payment. But the latter refused to pay it, for the reason, as stated, that Camden then had no money in the bank, having already drawn out his entire deposit by check payable to an officer or officers thereof.

In sustaining the demurrer, the circuit court held that the alleged agreement of the appellee bank with appellant to pay the check given by Camden to the latter, when presented by the Rolling Fork Bank, was not binding on appellee, because not in writing. This ruling was based on the court's construction of certain provisions of what is known as the "Negotiable Instruments Act" (Acts 1904, p. 213), contained in

chapter 90b, Kentucky Statutes (Carroll's Ed. 1909). Section 3720b, subsec. 185, of the statute, provides:

"A check is a bill of exchange drawn on a bank payable on demand. Except as herein otherwise provided, the provisions of this act applicable to a bill of exchange payable on demand apply to a check."

Subsection 189 provides:

"A check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder, unless and until it accepts or certifies the check."

Subsection 187 provides:

"Where a check is certified by the bank on which it is drawn, the certification is equivalent to an acceptance."

Certification of a check is usually made at the request of the drawer of the check, and the certification unconditionally imposes upon the bank making it the obligation to pay the check when presented. The certification can of course only be given in writing. Acceptance of a check by the bank upon which it is drawn is customarily completed while the check is in the hands of the payee or holder; the acceptance being evidenced by a writing to that effect from the bank. "Acceptance," as defined by section 3720b, subsec. 190, "means an acceptance completed by delivery or notification." Appellant does not claim that the acceptance of the check given him by Camden resulted from a delivery of it to the appellee bank, but from its verbal assurance that it would be paid when later presented by the Rolling Fork Bank for that purpose.

Section 3720b, subsec. 144, provides:

"Except as herein otherwise provided, the holder of a bill (check) which is required by the next preceding section to be presented for acceptance must either present it for acceptance or negotiate it within a reasonable time. If he fail to do so, the drawer and all indorsers are discharged."

The preceding subsection (143) provides:

"Presentment for acceptance must be made: (1) Where the bill is payable after sight, or in any other case where presentment for acceptance is necessary in order to fix the maturity of the instrument; or (2) where the bill expressly stipulates that it shall be presented for acceptance; or (3) where the bill is drawn payable elsewhere than at the residence or place of business of the drawee. In no other case is presentment for acceptance necessary in order to render any party to the bill liable."

It is the contention of appellant that, since a check is payable on demand, it does not come within either of the three above provisions requiring presentment for acceptance; consequently the verbal assurance of appellee that it would be paid was sufficient to fix its liability. Manifestly this contention is unsound. The parties whose liability is to be affected by presentment for acceptance or failure to present for acceptance, as provided by subsection 143, are the drawers and indorsers and not the drawee, because no liability at all attaches to the drawee of a bill, or the bank upon which a check is drawn, until the drawee or bank has accepted the bill, or certified or accepted the check. This is made plain by the provisions of subsection 144, *supra*. Obviously the question here involved is controlled by subsection 189, *supra*, under the plain provisions of which the appellee bank could only have been made liable under the circumstances here presented for the amount of the check in suit, by its acceptance or certification in writing of the check. That this is true, is made plain by subsection 132, section 320b, which provides:

"The acceptance of a bill is the signification by the drawee of his assent to the order of the drawer. The acceptance must be in writing and signed by the drawee. It must not express that the drawee will perform his promise by any other means than the payment of money."

As by subsection 185, *supra*, "a check is a bill of exchange drawn on a bank payable on demand," and it was not al-

leged by the appellant in his petition that the appellee bank's acceptance of the check in question was made in writing and signed by it, the court below could not have done otherwise than sustain the demurrer to the petition.

The question here involved has never before been presented to this court for decision. It seems, however, to have been passed on by the Supreme Court of Colorado, in which State, as in most others of this country, the Negotiable Instruments Law is in force. In the case of *Van Buskirk vs. State Bank of Rocky Ford*, 35 Colo. 142, 83 Pac. 778, 117 Am. St. Rep. 182, the court, after an elaborate discussion of the features of the act applicable in the instant case, said:

"Regardless of the common-law rights of the parties under the facts of this case, we think there can be no doubt as to the correctness of appellant's leading contention that, under our negotiable instrument law, the drawee of a check is not liable to the holder unless and until he accepts or promises to pay the same, and such assent to his liability must be in writing."

The conclusion we have reached renders consideration of the question whether appellee's assistant teller had authority to accept for appellee the check unnecessary; hence that question is not decided.

Judgment affirmed.

(172 S. W. Rep. 955.)



A Note Not Payment of a Debt

OREGON.

Requisites of Payment—Novation—Agreement.

Supreme Court of Oregon, Feb. 16, 1915

CLARKE WOODWARD DRUG CO. VS. HOT LAKE SANITORIUM CO.

A promissory note given in payment of a debt does not constitute payment unless so agreed.

ACTION by the Clarke Woodward Drug Company against the Hot Lake Sanatorium Company. From a judgment for plaintiff, defendant appeals. Affirmed.



STATEMENT OF FACT.

THIS is an action to recover money.

The complaint for a first cause of action alleges, in effect, that the parties are corporations; that on May 16, 1911, an account was stated between them, and there was found to be due the plaintiff a difference of \$3,112.47, which the defendant promised to discharge; that no part thereof has been paid except \$249, and there is due \$2,863.47, with interest from the time such balance was determined. For a second cause of action the initiatory pleading avers, in substance, that the plaintiff and Woodard Clarke & Co. are respectively corporations, and the defendant is also a corporation; that on May 16, 1911, an account was stated between the latter company and the defendant, and there was ascertained to be due such company \$352.84 which the defendant promised to liquidate; that prior to the commencement of this action Woodard Clarke & Co. assigned such account to the plaintiff; that no part thereof has been paid except \$28.23; and there is due thereon \$324.61, with interest from the time of the accounting.

The answer admits the statements of accounts as alleged, but avers that prior to such settlements the plaintiff and other creditors of the defendant assigned their respective claims, amounting to \$21,113.74, to R. L. Sabin, to whom the defendant on May 16, 1911, executed, in trust for the several creditors, its promissory note for that sum, which included the demands set forth in the complaint; that in June, 1911, the defendant paid on such note \$2,008, which sum was proportionally disbursed to the several creditors; that in January, 1913, an agent of the Hot Lake Home & Sanatorium Company, a corporation which had

succeeded to the property and rights of the defendant, met with Sabin and the several creditors of the defendant, including the plaintiff, when it was agreed that the remainder due on the note should be paid by issuing capital stock of the Hot Lake Home & Sanatorium Company directly to the several creditors of the par value of their then respective claims; that on March 25, 1913, such stock was delivered, and the plaintiff received certificates of the par value of the remainder due on its stated accounts, accepting and receiving such stock in full payment and satisfaction of the demands set forth in the complaint.

The reply denied the averments of new matter in the answer, and alleged that the plaintiff placed in Sabin's hands its claims against the defendant; that on May 16, 1911, the defendant, in order more easily to adjust such demands, executed to Sabin the note specified, which included the plaintiff's claims; that in June, 1911, the defendant made, on account of such notes, payments of which the plaintiff received \$249 as its pro rata share, but thereafter the defendant failed to pay the stipulated monthly installments; that on January 9, 1913, at a meeting of certain creditors of the defendant and Sabin, the defendant's agent represented that he was about to sell all its property to the Loyal Order of Moose, and that a new corporation, the Hot Lake Sanatorium Company, would be organized to take over the property which would be owned and operated by such society as a home for its members; that the defendant requested such creditors, including the plaintiff's agent, to subscribe for and take stock in the new corporation to the extent of their respective demands, which were embraced in the promissory note, such stock to be paid for by plaintiff and other creditors by a receipt in full of their demands; that the plaintiff's agent had no authority to agree to such offer or to accept any settlement except cash and the plaintiff did not assent to the proposal; that such brotherhood has never pur-

chased the property of the defendant; that on March 25, 1913, the defendant mailed certificates of stock to the plaintiff, which refused to sign a receipt therefor or to accept the stock.

For further reply it is alleged that on June 10, 1913, the defendant and the new corporation, the Hot Lake Home & Sanitorium Company, leased for a term of two years the property of such corporation, whereby no remuneration will be received, and by reason thereof the defendant has rendered it impossible to perform the terms of the proposal which was made to the plaintiff and the other creditors. Based upon these issues, a trial was had, and the jury, pursuant to the court's direction, found for the plaintiff in the sums demanded, and, judgment having been entered on the verdict, the defendant appeals.



OPINION OF THE COURT.

MOORE, C. J. (after stating the facts as above): It is contended that the execution of the promissory note by the defendant to R. L. Sabin for a sum which included the demands of the plaintiff precludes it from maintaining this action, and for that reason errors were committed in directing a verdict for the plaintiff and in rendering the judgment given herein. "Nothing" says Mr. Chief Justice Lord, in *Black vs. Sippy*, 15 Or. 574, "is better settled than that accepting a note is not payment of an account, nor is accepting one note in renewal of another payment of the old note, unless there is an agreement that the note should be accepted in payment." To the same effect, see *Kern vs. Hotaling*, 27 Or. 205; *Johnston vs. Barills*, 27 Or. 251; *Schreyer vs. Turner Flouring Co.*, 29 Or. 1; *Savage vs. Savage*, 36 Or. 268; *Kiernan vs. Kratz*, 42 Or. 474; *Stringham vs. Mutual Ins. Co.*, 44 Or. 447; *Cranston vs. West Coast Life Ins. Co.*, 63 Or. 427.

The defendant's agent who executed

the promissory note did not testify that the written instrument was given in payment or discharge of the claims that had been left with Sabin for settlement, or that any agreement was entered into in respect thereto. Sabin, however, stated upon oath that the note was given and accepted, not as payment, but as a convenient means of adjusting the items of the various accounts that were in his possession. There was no conflict in the evidence as to whether or not the promissory note was given in liquidation of the plaintiff's account, and hence in an action thereon it was not erroneous, on this branch of the case, to direct a verdict for the plaintiff. *Jackson vs. Brown*, 102 Ga. 87.

It is insisted that the capital stock issued by the defendant to the plaintiff was a novation which extinguished the original debt with all the rights incident thereto. A "novation" is a substitution of one obligation for another, and occurs by the exchange of a new party for an old, or by the commutation of a new agreement between the old parties, or it may be a simultaneous change both of parties and of agreement. *Miles vs. Bowers*, 49 Or. 429. From the testimony it appears that no exchange of obligations was fully consummated, and hence no substitution was accomplished for the reason, as was said by Mr. Justice Burnett in *Sharp vs. Kilburn*, 64 Or. 371:

"It was at best an abortive novation inaugurated by the defendant, in which was wanting one requisite essential to bind the plaintiff, namely, the consent of the plaintiff himself."

It is evident, we think, that no novation ever occurred. The evidence shows that on March 25, 1913, the plaintiff received the certificates of capital stock that had been issued in its favor, but refused to accept them because the Loyal Order of Moose had not purchased the defendant's property as its agent had represented, upon the faith of which declaration the plaintiff's agent had relied when it was generally understood that such evidence of corporate indebtedness would be issued in liquida-

tion of the accounts as evidenced by the promissory note.

The plaintiff's agent testified that the stock was held for some time at the request of the defendant's agent, pending negotiations for a sale or disposition of the Hot Lake Sanitorium, and when no transfer thereof was made the stock was sent to the defendant's agent, who returned it, and thereafter this action was instituted. It is argued that the defendant was not immediately placed in status quo, and, this being so, an error was committed in rendering the judgment.

It is evident, we believe, that the delay which occurred in the respect mentioned was caused by the defendant's agent, so that no change of position resulted to either party in consequence thereof.

At the trial after the plaintiff had introduced its evidence and rested, and while a witness for the defendant was testifying, the court remarked that the jury would be instructed to find for the plaintiff, to which observation an exception was taken. Before a verdict was returned, however, the defendant introduced all the testimony it had to offer. It is argued that in thus determining the issues an error was committed.

When there is no conflict in the evidence and no presumptions or inferences can be deduced in aid of the defeated party, there is nothing to submit to the jury, and the question is one of law to be decided by the court. *Coffin vs. Hutchinson*, 22 Or. 554. In that case Mr. Chief Justice Strahan, in announcing a rule by which to determine when a jury should be directed to find in favor of a party, says:

"A fair test in such case is, if the jury, in the absence of a special direction, were to find a verdict the other way, ought it to be set aside?"

To the same effect, see *Squires vs. Modern Brotherhood*, 68 Or. 336, where the decisions of this court on that subject are collated.

From a careful examination of all the testimony given at the trial, a transcript of which is made a part of the bill of

exceptions, it is evident that the jury were properly directed.

It follows that the judgment should be affirmed, and it is so ordered.

(146 Pac. Rep. 135.)



Payment Under Mistake of Fact

Collections—Liability of Bank.

Supreme Court of Iowa, Feb. 11, 1915.

BELLEVUE BANK OF ALLEN KIMBERLY &
CO. VS. SECURITY NAT. BANK OF
SIOUX CITY.

Where the holder of a check presents it for payment at the payee bank, and payment is made thereon, in the absence of fraud, the bank cannot recover the amount so paid on the ground that it acted under the mistaken belief that the drawer had sufficient funds on deposit to cover the amount.



ACTION upon a bank draft drawn by the defendant upon its Chicago correspondent in favor of the plaintiff and remitted by mail. The defense is affirmative. It is averred, in effect, that the draft was issued and mailed by mistake, and that immediately after its mailing the defendant wired stoppage of payment to the Chicago correspondent, and wired a demand of return to the plaintiff as payee; all of which was done on the same day and before the plaintiff had received the draft, or had been otherwise advised of its remittance. The detailed facts pleaded will be set forth in the opinion. There was judgment for the defendant. Plaintiff appeals. Affirmed.



STATEMENT OF FACT.

THE plaintiff is a banking partnership of Bellevue, Mich. The defendant is a banking corporation of Sioux City, Iowa. The two other actors

figure prominently in the facts. The Western Implement Company was a partnership engaged in the retail implement and automobile business in Sioux City. Its capital was about \$11,000. The Michigan Buggy Company was a manufacturing corporation of Kalamazoo, Mich., engaged largely in the manufacture of automobiles. The Western Implement Company was a patron of the defendant bank to the extent that it maintained a checking account therein. For convenience in the discussion the names of the two companies will be abbreviated and they will be referred to as the Michigan Company and the Western Company. Both were going concerns. Both proved to be insolvent; the Western Company becoming involved in the insolvency of the Michigan Company.

The draft sued on was in supposed collection of and remittance for a note for \$923.75 executed by the Western Company to the Michigan Company; indorsed by the Michigan Company to the plaintiff; sent by the plaintiff to the defendant for collection and direct remittance of proceeds. The note was drawn payable at the defendant bank. On the date of its maturity the Western Company delivered its check on the defendant bank for the amount of said note and others maturing on the same date, executed by the same makers to the same payee, but held by different indorsees. At the time such check was delivered the Western Company had an apparent credit upon the books of the bank for an amount sufficient to meet the same. Relying upon such apparent credit, and believing the check to be therefore good, the defendant bank drew its draft in favor of the plaintiff and remitted the same as the proceeds of the collection of its note. The fact which came to light immediately thereafter was that the apparent credit of the Western Company on the books of the defendant bank had been obtained by a scheme which was essentially fraudulent, and whereby the Michigan Company and the Western Company intended to induce the defendant bank to

accept the checks of the Western Company in payment of the various notes referred to.

The facts, in brief, were that in April the Michigan Company had obtained from the Western Company its notes for a total sum of \$240,000. These were wholly without consideration and were accommodation notes. These were sold by the Michigan Company to various purchasers. As between the Michigan Company and the Western Company, it was the duty of the former to meet these notes when they matured. For that apparent purpose it sent, on July 26 and 28, to the Western Company, two checks upon the banks in Kalamazoo and two checks upon banks in New York, making a total of over \$30,000. On the afternoon of July 30 these checks were deposited by the Western Company to its own credit in the defendant bank, and were forwarded by the bank for collection. Under the instructions of the defendant bank to the collecting banks it was entitled to telegraphic notice in case of dishonor.

In due course these checks would be presented to the drawees by August 1. The Kalamazoo checks were thus presented in the forenoon. The defendant bank, ignorant of the real relations between the Michigan Company and the Western Company, and ignorant of the fact that the paper was accommodation paper, and having received no notice of the dishonor of the checks deposited on July 30, and believing therefore that the same had been or would be honored, remitted the draft in question to the plaintiff at 4.30 p. m. Within one hour thereafter it received telegraphic notice of the dishonor of the Kalamazoo checks. It immediately sought out the Western Company, and then learned from it of the facts which we have above recited. It demanded and received back the note which it had previously surrendered and recalled the draft by wire in the manner already indicated.

Later it received telegraphic notice of the dishonor of the New York checks. The Michigan Company and the Western Company were, in fact, insolvent, as

these developments disclosed. The defendant bank thereupon formally protested the note, and returned it to the plaintiff. No indorser or other form of security was released, nor was any loss caused to the plaintiff by any act or failure on the part of the defendant. The plaintiff refused to return the draft, and refused to concede any right to the defendant to recall the same. The detailed facts in the case are undisputed, and are made to appear largely by stipulation.



OPINION OF THE COURT.

EVANS, J.: It will be seen from the foregoing that the draft in suit presents on its face a cause of action, and that the affirmative defense thereto is in the nature of a failure of consideration and mistake.

The contention of the plaintiff in argument is that its situation is the same as if it had itself received from the Western Company its check drawn on the defendant bank, and as if it had presented such check at the defendant's counter and had received payment therefor either in money or by the draft in question. If the case before us is the equivalent of the supposed case, then it may be conceded that the plaintiff is entitled to recover. The general rule undoubtedly is that, when the holder of a check presents it at the counter of the bank upon which it is drawn, and receives payment therefor, the transaction is closed, and is not subject to reconsideration. It is upon this theory that the plaintiff has argued the case here. The following principal authorities are relied on in support of the proposition: *National Exchange Bank vs. Ginn*, 144 Md. 181; *Oddie vs. National City Bank*, 45 N. Y. 735; *First National Bank vs. Burkham*, 32 Mich. 328; *Citizens' Bank vs. Schwarzschild*, 109 Va. 539; *First National Bank vs. Devenish*, 15 Colo. 229.

From a note in 23 L. R. A. (N. S.) 1092, *supra*, appellant's brief quotes the rule as follows:

"In the absence of fraud, the payment of a check or note by a bank upon which it was drawn or at which it is payable, under the mistaken belief that the drawer of the check, or maker of the note, has sufficient funds to his credit to pay it, cannot be recovered by the bank."

From the opinion there reported (109 Va. 539) we quote the following elaboration of the rule:

"The general rule is that money paid under a mistake of fact may be recovered; but the payment of a check or note by a bank upon which it is drawn or at which it is made payable, under the mistaken belief that the drawer of the check or the maker of the note has sufficient funds to his credit to pay the check or note, seems to be an exception to the general rule. The cases do not seem to be entirely agreed upon what principle this exception is based, but the great, if not the overwhelming, weight of authority, maintains this exception to the general rule. Some place it upon the ground that there is no privity between the holder of the check or note and the bank; others upon the ground that, since the bank always has the means of knowing the state of the depositor's account by simply looking at its own books, the payment is not a payment by mistake within the meaning of the legal rule which permits a recovery; others still place their decision upon both grounds."

•In *Bank of South Carolina vs. Hull, Dud.* (S. C.) 259, one of the earliest American cases that we have found, the Supreme Court of South Carolina said that:

"This question is to be decided rather by authority than general reasoning on the subject. * * * They cannot always guard against fraud and imposition, but they may against mistakes, depending on an inspection of their own books and accounts. * * * They accepted and paid the check presented by the defendant for and on account of Houton, the drawer, whose money they had kept for his convenience and accommodation. The privity of contract was between them and their customer,

Hopton, and not between them and one who may have happened in the course of dealing to present a check drawn by Hopton."

The reason for the exception to the general rule above stated is based upon two important considerations. The first is that ordinarily there is no reason but laxity and neglect why a bank should not know the state of a depositor's account at the time it pays a check. The second is that the holder of a check receiving payment thereon is in no position to inquire as to the state of the depositor's account or as to his credit with the paying bank. Taking the exception as above stated, we think it is not decisive of the case before us, nor is this case the equivalent of the supposed case stated by the appellant.

The plaintiff sent its note to the defendant for collection. It made the defendant its agent for that purpose. The relation therefore of principal and agent obtained. The duties of the agent were doubtless determined under the law and usage of banking. But at no stage did the relation of debtor and creditor or of buyer or seller arise. The plaintiff continued to own the note. The defendant owed the duty of diligence in its collection. If the defendant failed in its duty or overstepped its authority, it was liable to the plaintiff for its resulting loss. The foundation question is what was the liability of the defendant to the plaintiff immediately before it mailed the draft. If it had not mailed the draft, would it have been liable for the amount supposed to have been collected on the note?

The trial court found that the sending of the checks by the Michigan Company, and the depositing of the same by the Western Company, and the issuance of the check of the Western Company against its credit in the bank, all constituted one connected transaction. Exception is taken to this conclusion. We think it was clearly correct. All these acts were done in pursuance of the same plan and with the manifest intent to induce the defendant to believe that the acceptance of the check was safe, and,

in such belief, to surrender the possession of the note. The check which the defendant bank thus received was for over \$20,000, and was for the amount of 19 notes of the same character as that of plaintiff. The defendant bank, as the collecting agent, was within its duty in accepting from the maker of the note a check if it had reason to believe the same to be good. The acceptance of such check operated presumptively, however, only as a conditional payment of the note. Upon the dishonor of the check the condition failed, and the holder of the note was entitled to maintain his original cause of action. Whatever difference there may be in the authorities on these propositions, they are sustained by the great weight of authority, and we are committed to them. *Griffin vs. Erskine*, 131 Iowa, 444; *Dille vs. White*, 132 Iowa, 327.

The question of conditional satisfaction and conditional credits where checks are accepted in the transaction of business is very fully discussed in the cited cases and we will not now enter that field of discussion. The following excerpt from the *Griffin* case sufficiently indicates the trend of such discussion:

"Checks, drafts, and other bills of exchange are the means of transferring the money, in adjusting nearly all commercial transactions, and in authorizing an agent, whether bank or individual, to make collections, it may be assumed, in the absence of instructions to the contrary, that the authority is to be executed in the manner usual and customary in the commercial world. While the agent may not accept anything but the actual cash in satisfaction of the claim, he may receive a check or draft, negotiable and payable on demand, which he has good reason to believe will be honored on presentation, as a ready and more convenient means of obtaining the money in conditional satisfaction of the debt. Such a payment offers no greater temptation to the agent than payment in cash to which ordinarily it is equivalent. If honored by the drawee,

payment relates back to the time of delivery."

It is likewise true that the credit obtained upon the books of the defendant bank by the Western Company by the deposit of the Michigan Company checks on July 30 was presumptively a conditional credit, and was also subject to the honor of the checks. *In re State Bank*, 56 Minn. 119; *Blake vs. Hamilton Savings Bank*, 79 Ohio St. 189; *Bank vs. Cummings*, 89 Tenn. 609; *Beal vs. City of Somerville*, 50 Fed. 647; *St. Louis Railway Co. vs. Johnston*, 133 U. S. 566; *Fayette National Bank vs. Summers*, 105 Va. 689.

The sum of the situation thus presented was that the plaintiff's note was not, in fact, paid, and in a legal sense the plaintiff never lost its title thereto. As between the defendant and the Michigan and Western Companies, it was as though the Michigan Company had deposited its four checks upon the New York and Kalamazoo banks for the purpose of meeting its maturing notes. The scheme pursued was a legal fraud upon the defendant. It was calculated to mislead, and did mislead. As between these companies and the defendant bank, the bank was clearly entitled to retrace every step taken and to reduce the entire transaction to a nullity. But the plaintiff was not a party to the wrongful acts of such companies. Can it for that reason stand in the way of the cancellation of the conditional credits obtained by the offending companies, even though redress to the defendant would involve no loss to it? Can it insist upon the affirmative benefit in its own favor which was manifestly intended by the wrongdoers? Plaintiff's note was, in fact, worthless when it sent it for collection. No advantage to it was lost by any mistake or act of the defendant. If the defendant had not made the mistake which it did, the note could not have been collected.

The general rule is that money paid through a mistake of fact may be recovered back provided that the recipient thereof shall not thereby be put in any worse position than he would have oc-

cupied if the mistaken payment had not been made. In such case it is not necessary that the mistake be mutual. (*Union National Bank vs. Sixth National Bank*, 43 N. Y. 452; *James River National Bank vs. Weber*, 19 N. D. 702; *Merchants' National Bank vs. National Bank*, 139 Mass. 513; *Merchants' Bank vs. National Eagle Bank*, 101 Mass. 281.)

The exception to this rule has already been stated in the quoted excerpts. As therein appears, the exception does not obtain in the presence of fraud or imposition. It only remains, then, to inquire whether the innocent recipient will be prejudiced by requiring restitution.

We think it must be said upon this record that at the time the defendant bank mailed the draft in question it was not under obligation to do so; that it did mail the same under a clear mistake of fact which had been induced by legal fraud and imposition; that it mailed the draft in good faith, in the reasonable belief that the conditional credit to the Western Company had become absolute by the honor of the checks. The mailing of the draft in no manner changed the position of the Bellevue Bank. It was not misled thereby, nor did it act thereon. It was advised of the mistake before it knew of the existence of the draft or the supposed collection of the note.

As between the parties, the effect of the draft was to give to the plaintiff a *prima facie* case, and to throw the burden of defense upon the defendant. Notwithstanding the mistake, the defendant did everything which it could and ought to have done as the collecting agent of the plaintiff. Plaintiff sustained a loss, it is true, but it did not result through the mistake or fault of the defendant. The following excerpts from the Dille case, *supra*, are applicable here:

"The vendor had already lost; the paper was good for nothing to him. Nor does the fact that he supposed it to be good justify him in keeping the money or property received, which could only have been given for it by the purchaser

upon the same supposition that it was good. There has been a failure of consideration. * * *

"The appellant has met with a regrettable loss, but his misfortune is in no manner chargeable to the appellee. His loss was as real, tangible, and certain before and at the time he undertook to make the loan as it is now. To say that he might hold and enforce the note and mortgage for which the appellee has never received the slightest value is to say that he may, without having furnished the least consideration, compel the appellee to assume the responsibilities of his faithless banker and make good the wasted deposit."

The foregoing conclusions have direct support in the following authorities, each of which is almost identical in its principal facts with the case at bar: *Interstate National Bank vs. Ringo*, 72 Kan. 116; *Merchants' National Bank vs. National Bank of the Commonwealth*, supra, 139 Mass. 513; *Steinhart vs. National Bank*, 94 Cal. 362.

In the first case cited the Interstate Bank was the collecting bank which had received a note for collection from the Watkins Bank. The indorser of the note presented in payment his own check on the Merchants' Bank. The collecting bank made immediate inquiry of the Merchants' Bank whether such check was good, and was informed that it was. The collecting bank thereupon accepted the check and surrendered to the indorser the paper of its principal. It credited the principal with the proceeds of the collection, and mailed notice accordingly. It also charged up the amount against the credit account of the Merchants' Bank, which account was maintained with it by the Merchants' Bank for such purpose. The check proved to be, in fact, worthless. The information from the Merchants' Bank that it was good was the result of a mistake of that bank; such bank having understood the conversation to refer to a different check. The Interstate Bank thereupon immediately rescinded, returned the check, and repossessed itself of the paper, and notified its princi-

pal. It was held that no one was prejudiced as a result of the mistake, and that the parties were entitled to restore the status quo.

The Merchants' National Bank Case, above cited, is quite in point. In that case the plaintiff had paid the check of one Burgess drawn upon itself. At the time it honored the check, Burgess appeared to have a credit upon its books. This proved, however, to be a false credit which had been obtained by the wrongdoing of Burgess. By this means the drawee bank was misled into the payment of the check; such payment being made to another bank, the defendant in the case. Immediately upon discovering the mistake, it tendered back the check and demanded a return of the money, as having been paid by mistake. The recovery was allowed. In the *Steinhart Case*, above cited, a bank received a note for collection against one of its own customers. At the request of the customer the collecting bank charged the amount of the note to his account and mailed a draft to the owner of the note. Immediately thereafter it discovered the insolvency of the maker of the note, and thereupon canceled the credit and reclaimed the draft. The mistake in that case was induced by the implied fraud of the maker of the note in concealing his insolvency. Its right to make such cancellation and reclaim the draft was sustained.

Upon the record before us it is our conclusion that the defendant in this case was within its rights in returning the Western Company's check and in reclaiming the plaintiff's note, and that the plaintiff is not entitled to claim the affirmative benefit of the mistake.

II. The plaintiff in its reply pleaded an estoppel upon the defendant. The facts averred were that on August 2 the defendant began an attachment suit against the Western Company and the Michigan Company upon the two dishonored checks drawn upon the Kalamazoo banks. The contention is that it thereby elected a remedy which was inconsistent with its present position. The attachment suit was, in fact, subse-

quently dismissed. It is a sufficient answer to this contention that prior to August 2 the defendant bank had already elected its present position, and that it has maintained it ever since. If the doctrine of election of remedies is applicable to the case, its election of August 1 could have been pleaded against it in the attachment suit as a defense. It naturally follows that such a defense could not be effective against both remedies.

There is a further consideration here that the defendant bank had a cause of action against the attachment defendants outside of the transaction involved in the \$20,000 check. It had paid on the 1st of August over its counter checks presented by other collecting banks in payment of other notes. These payments amounted to several thousand dollars. For such payments the defendant bank had no other remedy, so far as appears in this record. This itself would have justified a suit, although it might be doubtful whether the checks themselves could have formed the basis of the cause of action. Be that as it may, the beginning of the suit worked no estoppel upon the defendant as against the remedy elected on August 1.

We reach the conclusion that the judgment entered below dismissing the plaintiff's suit was proper, and it is affirmed.

Affirmed.

(150 N. W. Rep. 1076.)



Certification Equivalent to Payment

Collections—Set Off.

New York Court of Appeals, Jan. 5, 1915.

CARNEGIE TRUST CO. VS. FIRST NATIONAL BANK OF THE CITY OF NEW YORK.

Certification of a check at the request of the holder is equivalent to an acceptance.

ACTION by the Carnegie Trust Company against the First National Bank of the City of New York. From an order of the Appellate Division (156 App. Div. 712) reversing a judgment on a verdict directed for plaintiff and awarding a judgment absolute for defendant dismissing the complaint, plaintiff appeals. Reversed, and judgment of Trial Term affirmed.



STATEMENT OF FACT.

THE plaintiff, the Carnegie Trust Company, is insolvent and in liquidation. It was closed by the superintendent of banks on January 7, 1911. One of its correspondents was the German National Bank of Cincinnati, Ohio. It had sent checks or drafts to that bank for collection. On January 5, 1911, the bank in Cincinnati had collected \$2,953.92. To remit the proceeds, it sent the plaintiff its check for that amount drawn on the defendant, the First National Bank of the City of New York. It did not know at that time that the plaintiff was insolvent. When it made the remittance it had on deposit with the plaintiff in New York an amount largely in excess of the collections which it had made as the plaintiff's correspondent. The superintendent of banks, on taking possession of the plaintiff's assets, found in the mail the check for \$2,953.92. He presented it to the defendant, and the defendant certified it. Later in the day the German National Bank of Cincinnati learned of the plaintiff's insolvency. It promptly telegraphed the defendant that payment of the check must be stopped. The defendant, having already certified the check, gave notice of these instructions to the superintendent of banks. It informed him that the bank in Cincinnati claimed the right to offset the check against its deposit with the trust company. The check was afterwards presented to the defendant for payment, and payment was refused. This action

is brought on the defendant's contract of certification.



OPINION OF THE COURT.

CARDOZO, J.: Two questions have been argued at our bar. The first is whether the German Bank in Cincinnati had the right before it made the remittance to apply the collections against its deposit with the plaintiff. The second is whether the failure of the bank in Cincinnati to take advantage of a right of set-off entitles the defendant to refuse payment of a check which it has certified.

For the purpose of this appeal, we assume, though we do not find it necessary to hold, that the first of these questions should be answered in favor of the defendant. On the one side, it is insisted that the right to apply one liability in cancellation of the other may be deduced from the principles of equitable set-off (*Scott vs. Armstrong*, 146 U. S. 499; *Hughitt vs. Hayes*, 136 N. Y. 163, or, if these are inadequate, from the existence of a banker's lien (*Joyce vs. Auten*, 179 U. S. 591, 597; *Garrison vs. Union Trust Co.*, 139 Mich. 392.) On the other side, it is insisted that the bank held the drafts for collection only, as trustee or agent for the plaintiff (*National Park Bank vs. Seaboard Bank*, 114 N. Y. 28; *Nat. Butchers' & D. Bank vs. Hubbell*, 117 N. Y. 384); that the rules of equitable set-off do not permit a trustee or agent to apply a claim in his own right in cancellation of his liability as a fiduciary (*Morris vs. Windsor Trust Co.*, 213 N. Y. 27); and that the implication of a banker's lien is precluded by the course of dealing. *Matter of Northrup*, 159 Fed. 686; *Reynes vs. Dumont*, 130 U. S. 354. The record is so meager, and leaves the relation between the bank and the plaintiff so obscure, that, unless the disposition of the appeal requires us to do so, we ought not to pass upon these conflicting claims of right. Conceding

that the two liabilities were subject to cancellation, we are none the less of the opinion that the defense cannot prevail.

Whatever right the bank in Cincinnati may once have had, either because of its lien, or by force of the rules of equitable set-off, to hold the collections as security for its deposit, was lost when the defendant certified the check. A new set of relations sprang up with that act.

The drawer of the check was discharged from liability (*First Nat. Bank of Jersey City vs. Leach*, 52 N. Y. 350; *Gallo vs. Brooklyn Savings Bank*, 199 N. Y. 222; the certification was equivalent to an acceptance (*Neg. Instr. L. Sec. 324*); and the defendant engaged that it would pay the check according to the tenor of the acceptance to its lawful holder. *Neg. Instr. L. Sec. 112*; *Meuer vs. Phoenix Nat. Bank*, 94 App. Div. 331.

The defendant argues that the effect of the right of set-off was to destroy the plaintiff's title, but the argument will not hold. The plaintiff, after receiving the defendant's certification, had the legal title to a chose in action, and, even though some equity remained in the bank in Cincinnati, the legal title was not divested. Delivery of the check had been made to a known payee, and by the act of certification a novation of liability had resulted. *Meads vs. Merchants' Bank of Albany*, 25 N. Y. 143. After that the German National Bank had no longer any greater right to insist upon a set-off than it would have had after the payment of the check in cash.

There is authority for the proposition that one who pays a debt in ignorance of the fact that a set-off is available is not entitled to reclaim the payment, even in an action for money paid under mistake. That was said to be the law in *Franklin Bank vs. Raymond*, 3 Wend. 69, 73. A later case in the Circuit Court of Appeals involves a like ruling. *Matter of Northrup*, 159 Fed. 686, 86 C. C. A. 554. "I do not find any case," said Marcy, J., in *Franklin Bank vs. Raymond*, *supra*, "where money paid on a substituting demand has been recovered back on the ground that the per-

son making the payment has subsequently discovered facts that show he had a set-off against the demand." This broad statement of the rule was, however, unnecessary to the decision, which may stand upon the ground that the defendant's retention of the money, in the circumstances there disclosed, was not against good conscience.

In *Bize vs. Dickason* (1 T. R. 285) Lord Mansfield permitted a recovery against an assignee in insolvency where a debtor, because of ignorance of a set-off, had made an excessive payment. The present case differs in some ways from any of those cited, for here the right of set-off was known, and all that was unknown was the occasion that made the exercise of the right expedient. *Dambmann vs. Schulting*, 75 N. Y. 55; *Southwick vs. First N. Bank of Memphis*, 84 N. Y. 420, 434. Whether any form of remedy is available to the bank in *Cincinnati* to repair the consequences of its mistake is, however, a question that we need not now determine. We think that whatever right it has must be determined on the distribution of the plaintiff's assets, and is not available to this defendant as a defense to the acceptance.

We find no authority for the proposition that a bank may resist the enforcement of its contract of certification in order to make a set-off available to its depositor. (*Corn Ex. Bank vs. Farmers' Nat. Bank*, 118 N. Y. 443; *Elliott vs. Brady*, 102 N. Y. 221; *Gillespie vs. Torrance*, 25 N. Y. 306.) There is no analogy between such a case and cases where, because of forgery of the check or because of ignorance of the true state of its depositor's account, the action of the certifying bank is itself the product of mistake. (*Irving Bank vs. Wetherald*, 36 N. Y. 335; *Mt. Morris Bank vs. Twenty-Third Ward Bank*, 172 N. Y. 244.) In this case there has been no mistake that has influenced the defendant's conduct. Its promise was supported by a sufficient consideration. (*Nat. Park Bank vs. Saitta*, 127 App. Div. 624.) There was a consideration when

the plaintiff and the defendant. There was also a consideration when we view it as one between the plaintiff and the drawer, for the plaintiff did not merely substitute the defendant as the primary debtor, but discharged the drawer altogether. The right to offset one debt against the other was lost in the act of payment. The debt that was thus discharged was a genuine one, and the existence of a set-off did not make the payment a gratuity. If the bank that made the payment has a cause of action for money paid under mistake, it must invoke that remedy directly. It cannot accomplish the result indirectly by inducing the defendant to repudiate the acceptance. Any other conclusion would be destructive of the value and efficiency of certified checks. By common use such checks are treated for most purposes as the equivalent of cash. (*White vs. Eiseman*, 134 N. Y. 101, 107.) It would be an unfortunate rule that would impair their ready acceptance in the transactions of commerce.

If the holder of a check, after procuring it to be certified by a bank, may be required to litigate the question whether the maker of the check had a right of counter-claim or set-off, the transaction has not been safely closed until the cash has been collected. That has not heretofore been supposed to be true. In the words of *Peckham, J.*, in *First Nat. Bank of Jersey City vs. Leach*, 52 N. Y. 350:

"The bank virtually says that check is good; we have the money of the drawer here ready to pay it. We will pay it now, if you will receive it. The holder says, No. I will not take the money; you may certify the check and retain the money for me until this check is presented."

If the bank may resist payment whenever the drawer has omitted to take advantage of a right of set-off, the holder's safety is illusory.

The judgment of the Appellate Division should be reversed, and that of the Trial Term affirmed, with costs in all courts.

(107 N. E. Rep. 693.)

Payment of Mortgage Tax, New York

Usury—Agreement of Mortgagor to Pay Tax.

New York Supreme Court, Appellate
Division, First Department,
Feb. 5, 1915.

SEAMEN'S BANK FOR SAVINGS, NEW YORK,
VS. M'COLLOUGH ET AL.

An agreement by a mortgagor to pay the mortgage tax levied by the laws of New York, as a necessary expense of the transaction, does not render the mortgage usurious.



ACTION by the Seamen's Bank for Savings in the City of New York against J. Hadley McCollough and others. Judgment for plaintiff, and defendants appeal. Affirmed.



STATEMENT OF FACT AND OPINION.

McLAUGHLIN, J.: This action was brought to foreclose two mortgages upon certain real estate in the city of New York. One of them was executed on the 17th of July, 1908, for \$40,000, and the other on February 3, 1909, for \$10,000, each bearing interest at six per cent. Answers were interposed by the owners of the equity of redemption, alleging that both mortgages were void for usury. The plaintiff had a judgment of foreclosure and sale, from which they appeal.

There is substantially no dispute between the parties concerning the facts upon which the alleged usury is predicated. The plaintiff, as a condition of making the loans, required the borrowers to pay the mortgage recording tax of one-half of one per cent. imposed upon the recording of the mortgages by sec. 293, c. 532, Laws of 1906, as amended by same section, c. 340, Laws of 1907.

I am of the opinion that the payment of the tax by the borrower, under an agreement with the lender so to do, did not make the mortgages usurious. The statute under which the recording tax was paid does not prescribe by whom the same shall be paid. *People vs. Trust Co. of America*, 205 N. Y. 74, 98 N. E. 207. It is silent on that subject. The payment is enforced by certain prohibitions as set forth in sec. 295 of the same act. This section provides, in substance, that a mortgage upon real property shall not be recorded by any county clerk or register, after a date named, unless there shall be paid the tax specified; nor shall such mortgage be received in evidence, or a judgment of foreclosure rendered thereon, until the tax has been paid. These provisions are obviously for the purpose of securing to the state the payment of the tax. Chapter 340 of the Laws of 1907 was an amendment of chapter 532 of the Laws of 1906, which in turn amended chapter 729 of the Laws of 1905. The act of 1905 imposed an annual tax on each debt or obligation for the payment of money secured by mortgage upon real property situate within the state, and sec. 309 of that act expressly provided that:

"Any contract or agreement in respect to any mortgage obligation or deed of trust, other than mortgage obligations and deeds of trust executed by corporations, by which the mortgagor shall agree or be bound to pay the tax or any part thereof imposed by this article, shall be usurious and void, and no judgment shall be obtained in any court of this state upon any obligation or mortgage subject to the tax imposed by this article when it shall be made to appear that there has been at any time any agreement that the mortgagor shall pay such tax, or any part thereof, or that the mortgagor has made any payment in pursuance of any such agreement."

It will be observed that the amendments of 1906 and 1907 contain no such provision, nor is there any provision whatever as to who shall pay the tax.

This, as it seems to me, indicates a legislative intent to leave to the parties themselves to determine by agreement by whom such recording tax shall be paid. An agreement that the same shall be paid by the borrower does not render a mortgage usurious, any more than an agreement that the borrower will pay the expenses of searching the title, preparing the mortgage, or other necessary expenses actually incurred in good faith in connection therewith. Says Chief Judge Cullen in *London Realty Co. vs. Riordan*, 207 N. Y. 264:

"Undoubtedly under the general usury laws of the state a requirement that the borrower shall pay the cost of having the title of mortgaged property examined and the other expenses attendant on the loan does not render the loan usurious. Such is the universal practice that has obtained from time out of mind. Therefore, if the validity of the loan depended on those statutes, the defense would not be established as a matter of law. It is true that payment might be exacted from the borrower, under the guise of defraying the expenses of a loan, which in reality was a mere cover for usury. In such case the form of the transaction would not save it from illegality; but whether the exaction was in this case a cover for usury or not was a question of fact. * * *

The theory on which the borrower is required to pay the cost of the examination of the title is not that he employs

the conveyancer, but that the lender is entitled to charge the borrower for the expenses to which the lender may be put in making the loan. This principle applies to all expenditures made in good faith."

Here the court found as a fact that it was one of the conditions of the loan that the mortgagor should pay the recording tax, and it was from funds thus furnished that the tax was paid by the attorneys representing the plaintiff. An agreement between a borrower and lender, requiring the former to pay the recording tax, is, in principle, precisely the same as requiring the borrower to pay the other necessary expenses attending the loan. This view is sustained by *Lassman vs. Jacobson*, 125 Minn. 218, recently decided by the Supreme Court of Minnesota under a mortgage recording tax statute quite similar to our own. The court there, after referring to the nature of the tax imposed, said:

"We therefore conclude that there was no intention to legislate as to who should bear the burden of the mortgage registry tax, a necessary expense connected with the giving of a valid real estate security; but the parties are free to contract with reference thereto, without thereby affecting the question of usury."

The judgment appealed from, therefore, is affirmed, with costs. All concur. (151 N. Y. Supp. 600.)



CHARACTER, individuality, consistant and
persistant effort along some certain line—
there you will find the secret of every success.

—SELECTED.

Banking Publicity

Conducted by

T. D. MacGREGOR

How Much Should a Bank Spend on Advertising?

AN inquiry came to **THE BANKERS MAGAZINE** recently as given below:

CAMDEN, N. J., April 11, 1915
Editor Bankers Magazine.

SIR: Will you please answer the following questions:

How much should an old-established bank, capital and surplus \$1,250,000, spend on advertising?

Have you records that show what percentage of the advertising appropriation certain banks spend on the various media—news-papers, novelties, car cards, etc.?

Your business brings to your attention the advertising done by live, progressive banks, and you can, no doubt, find the answers to my questions in your data files.

If you can furnish me with this much-desired information, I certainly will be very grateful to you.

Yours very truly,
CHAS. A. OSWALD.

Wishing to get information from experts, the editor of **THE BANKERS MAGAZINE** referred the inquiry to Mr. T. D. MacGregor, who conducts the Publicity Department of the **MAGAZINE**, and who is vice-president of the Harvey Blodgett Co., of St. Paul, and Mr. R. M. Meisel of the Meisel-Ferguson Co., Port Huron, Mich. Mr. MacGregor's answer appears first.—Editor **THE BANKERS MAGAZINE**.



Spend Enough to Make Your Advertising Effective

By T. D. MacGregor

"THE question before us for discussion," as the rural debate chairman was wont to announce, is:

"How much should an old, established bank, with capital and surplus of \$1,250,000.00, spend on advertising?"

To be absolutely frank, I'm going to say at the very go-off, I don't know, exactly.

Perhaps the best answer to this question would be one similar to Abraham Lincoln's when asked how long a man's legs ought to be:

"Long enough to reach from his body to the ground," was Honest Abe's reply.

Similarly, we can say that a bank ought to spend enough to make its advertising really effective, always bearing in mind the fact that advertising works cumulatively and that the benefit of one year's expenditure will not all be reaped in that one year.

The fact that a bank is old and well established ought to enable it to get better results from its advertising as it already has a prestige and good will which it would take a new institution years to acquire, at a big cost for advertising. But there is a new generation of depositors constantly coming up which needs to be educated in the way it should go. And there may also be a certain prejudice to overcome—a feeling that the big old bank is rather inclined to turn a cold shoulder to the small depositor and to look with disdain upon his business.

Following are actual figures of money appropriated and spent for advertising last year by eight institutions in different sections of the country:

Institution	Capital and Surplus.	Adver- tising Appro- priation.
National Bank	\$1,200,000	\$4,000
National Bank	325,000	4,000
State Bank	500,000	2,000
Trust Company	400,000	2,500
Trust Company	53,000	1,800
Commercial, Trust & Savings	2,175,000	16,000
Savings and Commercial	400,000	6,000
National Bank	141,000	1,500

The bulk of this advertising expense is properly for newspaper copy and space.

The averages for these eight institutions are: Capital and surplus, \$649,-250; annual advertising appropriation, \$4,725.

Perhaps the experience of eight banks is not enough from which to draw a general conclusion. And it is quite possible that none of these institutions is doing as much or as good advertising as it might. However, the figures are given for what they are worth and it may be a satisfaction to bankers to know what typical institutions are spending for their advertising.

John A. Raup, cashier of the City

DEPOSITS

	January 1, 1914.	January 1, 1915.	Increase
Amount of certificates.....			
Amount of savings accounts.....			
Amount of checking accounts.....			
Total deposits			

DEPOSITORS

	January 1, 1913.	January 1, 1914.	Increase
Number of certificate holders.....			
Number of savings accounts.....			
Number of checking accounts.....			
Total number of depositors.....			

ADVERTISING COST

Newspaper Advertising:			
For copy		\$.....	
For space		\$.....	
Circular Advertising.			
For circulars		\$.....	
For postage		\$.....	
Other Advertising:			
Total advertising		\$.....	
Number of new savings accounts during period	Cost of 40 per cent of total advertising.	Cost per new account.	
Amount of increase in savings accounts \$.....	Cost of 40 per cent of total advertising.	Cost per thousand.	
Increase in number of checking accounts	Cost of 20 per cent of total advertising.	Cost per new account.	
Increase in amount of checking accounts \$.....	Cost of 20 per cent of total advertising.	Cost per thousand for new accounts.	
Increase in number of box renters	Cost of 20 per cent of total advertising.	Cost per renter.	
Increase in number of certificate holders	Cost of 20 per cent of total advertising.	Cost per new customer.	
Increase in amount of certificates \$.....	Cost of 20 per cent of total advertising.	Cost per thousand.	
Increase in total number of depositors	Whole of advertising cost.	Cost per new customer.	
Increase in total amount of deposits \$.....	Whole of advertising cost.	Cost per thousand.	

Bank, of Portage, Wisconsin, capital and surplus, \$68,000, has done a little work on outlining a plan for figuring a bank's advertising costs. The figures are not filled in, but the outline is suggestive of what a bank might do along the line of systematizing its advertising expenditures, and, with that object in view, it is reproduced herewith.



The difficulty of fixing any definite ratio of publicity expenditure in proportion to capital is referred to in the next reply, which is from Mr. R. M. Meisel of the Meisel-Ferguson Co., Port Huron, Mich.



Every Bank Has Its Own Special Problems

By R. M. Meisel of the Meisel-Ferguson Co., Port Huron, Mich.

"HOW much should an old established bank, capital and surplus \$1,250,000, spend on advertising?"

Successful advertising may be adapted, but never imitated. The same methods and advertising expenditures of one successful bank, if applied to all, would result in a greater percentage of failures.

Therefore, to fix a certain standard or to base the amount a bank should spend on advertising upon a certain or stated percentage of its capital and surplus would not be consistent.

Every bank has its own special problems. Our experience has proved that certain banks are consistently and judiciously spending on advertising more than three per cent. of their capital and surplus; but this cannot be taken as a criterion, for this expenditure was authorized only after a close study, a careful and thorough analysis of existing conditions—competition, possibilities for development along certain channels, etc.

There's a solution for every problem, and the banks that prosper most by publicity are those which use it consistently.

Many bankers believe that they are advertising when they buy a series of "ready-made" ads for the newspapers—a lot of novelties for distribution from another concern, and calendars and booklets from another. Any or all of the above may possess real advertising merit, but the "hit-and-miss" plan cannot bring the highest efficiency in bank advertising,—or in anything else for that matter.

Many bank advertising campaigns might be likened to a tea-kettle blowing steam from a dozen spouts filled with force but not driving anything; having the power to make things spin, but not being concentrated, the force escapes in all directions.

Advertising is an investment pure and simple. If the banker would subject his advertising problems to the same careful investigation he gives other investments, if he would require plans as he would for a new building, the percentage of bank advertising failures would be nil.

Therefore, our experience prompts us to state that no fixed percentage of a bank's capital and surplus should be considered as a basis for advertising expenditure.



These replies present the subject from the standpoint of those who are engaged in planning and conducting bank advertising campaigns, and carry the weight of expert opinions.

It may be that some banks view the matter in a different light, and this department would be glad to hear from any bank wishing to state its experiences and conclusions.



4th of July Advertising

MOST savings banks or savings departments will desire to allude to "The Day We Celebrate" in their advertising in the early part of next month.

Here are some ideas along this line from the current "Talks on Thrift":

INDEPENDENCE

The anniversary of our national independence is at hand again, bringing with it, to thoughtful persons, the query, Am I really independent?

By this suggestion we do not mean to question the average citizen's political, mental or moral freedom. We refer solely to financial independence or lack of it.

No man or woman depending solely upon earnings is truly independent, because when earnings fail the earner is at once dependent upon somebody or something aside from his own efforts.

The real reason for saving and investing is found in the fact that a man does not earn a uniform income from the beginning to the end of his life, whereas his necessities remain practically uniform, or, if anything, increase with advancing years.

England famous throughout the world." It gives a great deal of instructive information about the whale and the once great whaling industry, now rapidly declining, but which at one time constituted an important source of wealth and was replete with adventure and heroic exploits.

Both the textual matter and the illustrations are of exceptional interest, and the brochure well worth preserving. Editorially it is the work of Allan Forbes, president of the State Street Trust Co., many of the illustrations being reproduced from prints in his private collection. The work bears the suggestions, however, of Perry Walton of the Walton Advertising and Printing Co., who is also responsible for its mechanical excellence.



'Whale Fishery of New England'

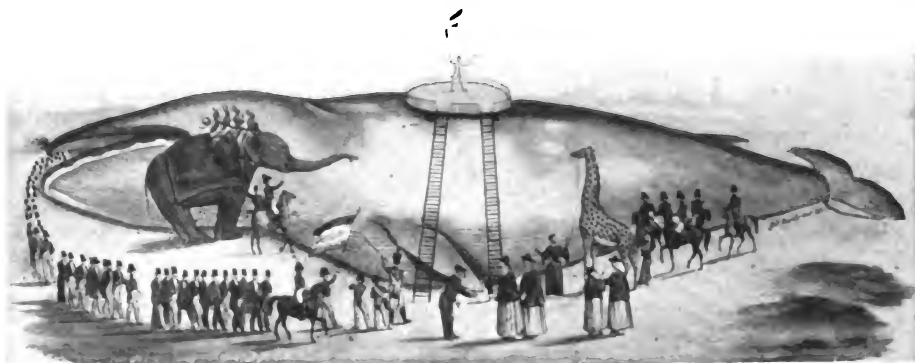
THE latest of the informative brochures issued by the State Street Trust Company of Boston bears the title of "Whale Fishery of New England," and is "an account, with illustrations and some interesting and amusing anecdotes of the rise and fall of an industry which has made New

Big Corn Show

A Contest Plan That Helps the Northwest and Advertises the First National, St. Paul

THERE will be a big "Corn Show" during all of the month of December, next, at the First National Bank of St. Paul, in which institution James J. Hill is very largely interested.

The show will be an open competition for Minnesota, North and South Dakota,



COMPARATIVE SIZE OF A WHALE, AN ELEPHANT, A HORSE AND A GIRAFFE
From "Whale Fishery of New England," issued by the State Street Trust Co., Boston

Montana, Washington, Oregon and Idaho. The states will not compete with each other, but the entire territory is divided into thirty districts, the competition being confined to districts.

The following is the manner in which the States have been divided:

Minnesota, North Dakota, South Dakota and Montana, 6 districts; Washington, 3 districts; Oregon, 2 districts; Idaho, 1 district.

Thirty large silver loving cups will be offered as first prizes to farmers displaying the finest collection of ten ears of any variety of corn grown within each district. The second prizes will be golden bronze cups.

In line with James J. Hill's well-known sentiments regarding the importance of the part taken by farmers' sons in the development of farm lands in the Northwest, farmer boys from each district in the states named will be awarded for first prize silver cups of the same value as are offered their elders. The second prizes will be handsome golden bronze cups, beautifully engraved.

Full particulars regarding this Corn Show and the prize competition can be procured from any local banker in the states named.

"CORN AND CATTLE CONTRIBUTE CAPITAL FOR BIGGER BANK BALANCES" is a slogan that has been adopted by the First National Bank of St. Paul in its efforts to aid in the development of corn raising in the Northwest. This show is a part of the extensive live stock raising campaign that has been outlined by Mr. Hill.



A Good Book

"The Business of Advertising" is Full of Information

"THE Business of Advertising" is the title of the new and revised edition of Earnest Elmo Calkins' "Modern Advertising," which was issued a decade ago. Nothing better illustrates

the rapid progress of the advertising business than the many changes it was necessary to make to bring this standard work up to date. The new book takes up Sellers of Space, Sellers of Advertising and Buyers of Advertising, as the main divisions of those interested in the business. There is a good deal about advertising agents and it is authoritative, too, as Mr. Calkins is a member of Calkins & Holden, New York, one of the best agencies. The book is well illustrated and contains as an appendix a valuable bibliography of books on advertising and cognate business topics. D. Appleton & Co. are the publishers.



How Banks Are Advertising

Note and Comment on Current Financial Advertising

A particularly handsome and readable booklet is "Banking and Trust Company Service," a 30-page brochure prepared for the Northwest Trust and Safe Deposit Company of Seattle, Wash., by Emmett C. Brown. It is printed in large bold type on heavy deckle-edged stock. Inserted throughout the book are sepia-tinted full-page portraits of the officers. The topics treated include: Executorship, wills, guardianship, trust conveyances, management of properties, trustee for life insurance, registrar and transfer agent, trustee under trust deed, investments, banking, mortgage loans, escrows, insurance and rentals, safe deposit and laws of descent.



"Banking Explained" is the monicker of a booklet sent us by H. J. Lane, manager of the New Business Department of the German-American Trust and Savings Bank, Los Angeles. It was written by Mr. Morehouse, an officer of the bank, and is an unusually good catalog of banking services and ought to be of practical assistance to anyone dealing



A SPECIMEN OF THE ARTISTIC DRAWINGS NOW USED BY THE OLD COLONY TRUST CO. OF BOSTON IN ITS STATEMENT FOLDERS. THE PICTURE IS THE WORK OF J. ALBERT SEAFORD, A BOSTON ARTIST

with banks. The complete index is a valuable feature.

©

A booklet issued for a similar purpose as that of the one described in the preceding paragraph is "A Bank of Strength and Service" put out by the Spokane & Eastern Trust Company of Spokane, Wash. Such things are along the correct lines of educative bank advertising.

©

The Guardian Savings and Trust Company, of Cleveland, is continuing its co-operation with the Forestry Division of the city and the "Plain Dealer" newspaper in the vacant lot and home garden movement. It has issued a booklet entitled "Vegetable Savings" as the official handbook of the move-

ment. It contains rules and regulations governing the contest, hints for garden cultivation, planting table and culture of vegetables. The bank has contributed \$1,500 as a prize fund for the 1915 garden contest.

©

The First National Bank of Miles City, Mont., uses the slogan, "A Financial Stronghold."

©

The Fletcher Savings and Trust Company, Indianapolis, has an excellent assortment of printed advertising matter. We recently received from it the following booklets and leaflets:

"The Relation of the Trust Company to the Lawyer," being a neatly gotten up reprint of an address before the Trust Company Section of the American

Bankers Association by Marquis Eaton, of the Chicago Bar.

"Complete Facilities"—a brief outline of the services performed by each department of the company.

"Why You Should Make a Will" answers that question very clearly and the booklet contains an abstract of the Indiana laws relating to the descent and distribution of property of persons dying without a will.

"Trust Company Service"—a compact outline of fiduciary functions.

Other folders or cards have to do with the Savings Department, Banking by Mail, The Trust Company as Administrator, Christmas Savings Club and Certificates of Deposit.

◎

The banks and investment houses of Seattle are particularly fortunate in the



New Home of the United States National Bank

Northwest Corner Sixteenth and Farnam Streets

The officers and directors of THE UNITED STATES NATIONAL BANK of OMAHA cordially invite you to attend the formal opening of their new building on Saturday, May the First, from 2 until 5:30 p. m. It will be a pleasure to show you through the various departments of the bank in which we have endeavored to provide for the comfort of our patrons and to improve the efficiency of our service.

Respectfully,

VICTOR B. CALDWELL, President

OFFICERS

VICTOR B. CALDWELL, President
MILTON T. BARLOW, Vice President
CARSON W. WATLES, Vice President
WILLIAM E. RHODES, Cashier
GEORGE E. HAYESTOCK, Asst. Cashier
ROBERT F. MORGAN, Asst. C. O.
JOSEPH C. MULLINE, Asst. Cashier
OWYER H. YATB, Asst. Cashier

DIRECTORS

MILTON T. BARLOW, Chairman of the Board
Arthur D. Brundage
Edward L. Butler
Edward S. Caldwell
Victor B. Caldwell
Edwin A. Bell
George E. Hayestock
George H. Kelly
Charles W. Lewis
Edgar M. Manning
Alfred L. Reed
William E. Rhodes
Benjamin F. Smith
William A. Smith
Carson W. Watles
Casper E. Tait

**FIRST NATIONAL BANK
SYRACUSE, N. Y.**

It is my pleasure to extend to you and your friends a cordial invitation from the Directors and Officers of this Bank to visit our new banking quarters on Saturday, May 8, 1915, between two in the afternoon and ten in the evening. The entire building, including the safe deposit and storage vaults, will be open for your inspection. Our Directors, Officers and other members of the staff will be glad to welcome you and to show you how a bank looks and operates from the inside.

We appreciate what the people of Syracuse and vicinity have done for our Bank during its fifty-two years of growth, and we want them all to become even more intimately acquainted with us in our new home.

The business of the bank will be transacted in our new quarters commencing Monday, May 10.

Sincerely yours,

A. W. Hudson
President.

A FRANK AND CORDIAL INVITATION TO THE
OPENING OF A NEW AND MODERN BANK
BUILDING BY AN OLD AND RESPECTED
INSTITUTION

co-operation they get from the "Post Intelligencer" of that city. Every Monday morning it publishes three or four pages of interesting financial news and articles edited by Edwin Selvin. This insures unexcelled positions for all the financial advertisers. This is in marked contrast to some other newspapers which sometimes bury bank advertisements among quack medical or other undesirable advertisements.

©

William P. Sharer, president of the First National Bank of Zanesville, Ohio, sends us a fine booklet "52 Years of Service" which emphasizes the present-day service of the bank more than its long history.

©

The Wachovia Bank and Trust Company of Winston-Salem, N. C., is doing

a lot to help the farmers in its territory. One of the ways is by issuing a monthly letter and circular. That for April had to do with "Canning at Home," and the May letter discussed "Truck Crops."

©

The South Norwalk, Conn., Trust Company has started something new in a "Tax Savings Club," described in a newspaper advertisement, as follows:

Beginning the first of May next this company will operate a Tax Savings Depart-



**The
International Trust Co.**

ENCLOSES THIS CIRCULAR
AT THE REQUEST OF THE

**Massachusetts Committee
to Promote Work**

APPOINTED BY GOVERNOR WALSH

IN SPITE OF A REDUCTION IN THE NUMBERS OF THE UNEMPLOYED SINCE MARCH THERE ARE STILL AN ABNORMAL NUMBER OF MEN AND WOMEN OUT OF WORK. THEIR NEED INCREASES WITH EACH ADDITIONAL WEEK THEY ARE WITHOUT EMPLOYMENT.

WAGES RATHER THAN CHARITY IS THE BEST WAY TO HELP THEM. IF YOU HAVE PAINTING, CARPENTERING, CLEANING, PAPERING, REPAIRING, TAILORING OR DRESSMAKING TO BE DONE BEFORE LONG, WE URGE YOU TO HAVE IT DONE NOW. YOU CAN HELP THE MILL WORKERS MOST EFFECTIVELY BY BUYING YOUR CLOTHING, FURNISHINGS AND THE LIKE WITHOUT DELAY. WILL YOU START SOME WORK THAT WILL GIVE AT LEAST ONE MAN AN OPPORTUNITY TO EARN FOOD FOR HIMSELF AND HIS FAMILY?

THE INTERNATIONAL TRUST CO. OF BOSTON HELPS
ALONG THE MOVEMENT TO ASSIST THE UNEMPLOYED BY ENCLOSING THIS NOTICE WITH
ITS MONTHLY STATEMENTS

ment running from May 1, 1915, to April 1, 1916, in which department you may make weekly payments in such amount from \$1 upward as will equal in the aggregate your yearly tax. If your tax amounts to \$35 or \$40, deposit \$1 per week; if \$70 or \$80, deposit \$2 per week; if \$105 or \$120, deposit \$3 per week; and in such larger amounts, if your tax exceeds \$120, as will aggregate your total tax, based on forty weekly payments. Upon this deposit we will allow you interest at the rate of two per cent. (2%) per annum upon your average deposit, and on April 10, 1916, we will mail you a check for your total balance; or, if you prefer, you may send us your tax bill with an order to pay the same from your deposit, and we will attend to its payment and return it receipted, together with our check for the balance of your deposit.

The club starts May 5. Deposits may be made during banking hours on any business day. We shall be pleased to enroll you as a member of the club.

③

The Traverse City State Bank, Traverse City, Mich., which has successfully conducted agricultural ex-

hibits for a number of years, has issued in booklet form "Suggestions for Bank Agricultural Exhibits." It is thoroughly illustrated. We advise banks interested to send for a copy.

③

The Farmers Deposit Savings Bank of Pittsburgh issues a "Rare Coin" catalog, disclaiming any intention to deal in old coins, and cleverly showing how saving money in a savings account is better than paying any attention to the will-o'-the-wisp of getting rich quick by a stroke of good fortune.

③

The National Bank of West Virginia, of Wheeling, issues a little pamphlet containing a chronological history of Wheeling year by year for the past 144 years. This is very appropriate as the institution is Wheeling's first bank and is itself almost a century old.

Alive to Your Own Interests

No one finds it an easy matter to try and force a man to do a thing against his will.

If you have no desire to get ahead and better your position by saving something as you earn, no one will hold a club over your head and make you.

But if you are "alive to your own interests" you will realize the BENEFIT TO YOU of a little money in the bank and the first thing you do this pay day will be to set aside a dollar or so and start a savings account at the BANK. It pays to save.

WE HAVE A BOOK FOR YOU—COME IN

SECOND NATIONAL BANK

"Strongest Bank in Northwestern Ohio"

OPEN SATURDAY EVENINGS 6 to 8

Located in Our New 21-story Building

Corner Madison and Main

SAFE DEPOSIT BOXES IN FEB. YEAR AND UP.

THE FIRST NATIONAL BANK

TOLEDO'S CLIENT BANK

312-314 SUMMIT ST. TOLEDO, OHIO.

THIS BANK RATES HIGHER OF THE ROLL OF HONOR OF NATIONAL BANKS OF THE UNITED STATES THAN ANY OTHER BANK IN TOLEDO OR NORTHWESTERN OHIO

CAPITAL, \$200,000 **SURPLUS AND PROFITS, \$1,300,000.**

OFFICERS:

President, A. S. Reynolds	Vice-President, J. H. C. Smith
Cashier, J. H. C. Smith	Trust Officer, J. H. C. Smith
Assistant Cashier, J. H. C. Smith	Assistant Trust Officer, J. H. C. Smith
Director, J. H. C. Smith	Director, J. H. C. Smith
Director, J. H. C. Smith	Director, J. H. C. Smith
Director, J. H. C. Smith	Director, J. H. C. Smith
Director, J. H. C. Smith	Director, J. H. C. Smith
Director, J. H. C. Smith	Director, J. H. C. Smith
Director, J. H. C. Smith	Director, J. H. C. Smith
Director, J. H. C. Smith	Director, J. H. C. Smith

"SAFETY FIRST" and the "FIRSTFOR SAFETY"

MAKE USE OF OUR SAVINGS DEPARTMENT

Fateful Forty

In the light of experience, it is certain that if one is not well started on the road to financial success by forty, the probability of reaching that goal in the end is not very great. At any rate, your chances as a 40-year-old are lessening daily.

While not wringing at all to discourage any man over forty, this bank urges most strongly upon younger men the necessity of "getting busy" NOW with their savings account at the

THE HOME SAVINGS BANK

IN THE HEART OF THE BUSINESS DISTRICT

"Labor Well Paid Spells Prosperity for All"

If a part of your cash returns are saved and deposited in this bank at compound interest, capital is created—thereby enlarging the possibilities for commercial development and the employment of more labor.

BE ONE OF THESE CAPITALISTS

Join the army of savers in THE DIME and your future will grow brighter as your balance in the bank grows larger.

4% and Safety

Means Opportunity for You

The Dime Savings Bank

Broadway and Wacker. Our, Adams and Superior

EST. 1868

"The Oldest Savings Bank in Toledo"

The Toledo Savings Bank and Trust Co.

Corner Main and Jefferson.

Keep Your Goal Always in Mind

Think ahead of what you want to be, must, have, then, only in your effort, "I must save, if I really want to be there."

Don't only think it, Do it. A dollar will start your savings account here.

BEGIN TODAY

The Survival of the Fittest

Business is a battle—not a parade. You've got to do more than keep in step and look trim when you get on the firing line. Will you advance or retreat; conquer or be vanquished?

Joining the forces of a strong financial ally is good business strategy.

**SPOKANE & EASTERN
TRUST COMPANY**

A BANK OF STRENGTH AND SERVICE

Capital and
Reserves
\$1,000,000

Business
Over
\$10,000,000

Engage a Bank Detective

After futile attempts to locate considerable amounts of money, the expenditure of which seems untraceable, we commend to the attention of careful business men and housewives the wisdom of carrying a checking account.

Your paid check is the bank detective, which gives a convincing clue to where every dollar is spent.

The service is free, and it simplifies your accounts.

**SPOKANE & EASTERN
TRUST COMPANY**

A BANK OF STRENGTH AND SERVICE

Capital and
Reserves
\$1,000,000

Business
Over
\$10,000,000

TODAY PAY DAY?

Here is a test for a man of character and one that can keep his word. Can you? Then sign the coupon below and try it.

We want you to save your money, save it five a day sure to come when you will need it more than now.

That time comes to every one. Be insured by having the money when the time comes.

Sign now and tear out \$1.00 will do.

I hereby agree with myself to save \$ no less, each pay day, by depositing in Hellman Commercial Trust and Savings Bank, with and Main, in Savings Department, drawing four per cent interest. (sign here)

Tear out and put this in the band of your hat.

**HELLMAN
BANK**

OPEN ALL
NIGHT AND DAY

We're Not at War Here

This country is at peace. Let us talk less war and more business. The war bothers us Americans somewhat, of course. But we have the men, the money, the resources and the opportunities so that we can well afford to "gang our ain gait," as the Scotch say.

The Illinois National Bank wants to do all it can to promote the prosperity of this community and its individual citizens. We are here to help you save and make more money. Will you give us the opportunity to co-operate with you by coming to the bank as often as you can and by keeping your balance on deposit here as large as possible?

Illinois National Bank
Peoria, Illinois.

FOUR GOOD EYE-CATCHERS

Comment on Reproductions

THE collection of fine Toledo bank ads. is made up of selections from one issue of an evening newspaper of that city. They all have good points. Anticipating inquiries as to the background in the ad. of "The Oldest Savings Bank in Toledo," we opine that those little things are beehives, emblematic of industry and thrift.

The ads. of the Spokane & Eastern Trust Company are particularly good in their well proportioned mixture of black display and white space. They are eye-catchers all right.

Taking the saver's pledge is becoming popular since the introduction of the "Weekly Savers" idea. The ad. of the Hellman Bank of Los Angeles illustrates a new form of it.

The Illinois National Bank ad. has an interesting heading in these times, and

the line of argument below it is a good one for any bank.



Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for new names and other changes.

F. R. Adams, Will Co. National Bank, Joliet, Ill.
American National Bank, Richmond, Va.
D. Ansley, care Central Trust Co., San Antonio, Texas.

Carl W. Art, manager publicity department, Union Trust & Savings Bank, Spokane, Wash.

A. F. Bader, publicity manager, City National Bank, Evansville, Ind.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

The Bankers Magazine, New York.

H. C. Berger, Marathon County Bank, Wausau, Wis.

C. J. Bevan, cashier, Exchange Bank, Genoa, Ill.

E. L. Bickford, cashier, First National Bank, Napa, Cal.

- W. O. Booser, treasurer, American Trust Co., Jacksonville, Fla.
- R. A. Bradham, cashier, The Commercial & Savings Bank, Sumter, S. C.
- Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
- Bank of San Rafael, San Rafael, Cal.
- E. M. Baugher, president, The Home Building Association Co., Newark Ohio.
- C. W. Beerbower National Exchange Bank, Roanoke, Va.
- H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
- T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
- J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
- F. B. Bunch, cashier, Merchants & Farmers Bank, Statesville, N. C.
- E. C. Burton, vice-president, Penn. National Bank, Chester, Pa.
- Stephen L. Burwell, vice-president, First National Bank, Jackson, Miss.
- A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
- Citizens National Bank, Oconto, Wis.
- Commercial Bank, Midway, Kentucky.
- Allan Conrad, Box 385, Port Huron, Michigan.
- B. S. Cooban, 513 W. 63rd Street, Chicago, Ill.
- H. Reed Copp, assistant advertising manager, Old Colony Trust Co., Boston, Mass.
- J. Stanley Corwin, Columbia Trust Co., 358 Fifth Avenue, New York, N. Y.
- Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
- David Craig, Tradesmens National Bank, Philadelphia, Pa.
- M. Clarence Crowson, cashier, Home Banking Co., High Point, N. C.
- Eugene E. Culbreth, Commercial National Bank, Raleigh, N. C.
- H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
- Dexter Horton National Bank, Seattle, Wash.
- T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
- W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.
- J. C. Eberspracher, assistant cashier, First National Bank, Shelbyville, Ill.
- A. A. Ekirch, secretary, North Side Savings Bank, New York City.
- F. W. Ellsworth, publicity manager, Guaranty Trust Co., New York.
- Federal National Bank, Denver, Colo.
- The Franklin Society, 38 Park Row, N. Y.
- E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
- First National Bank, Lead, S. D.
- Jas. P. Gardner, Montclair, N. J.
- H. Gavere, asst. cash. of Scandinavian American Bank, Grand Forks, N. D.
- B. P. Gooden, advertising manager, New Netherlands Bank, New York.
- C. F. Hamsher, First National Bank, Los Gatos, Cal.
- Victor F. Hann, manager publicity department, The Fifth Avenue Bank, New York City.
- J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
- D. L. Hardee, publicity manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
- E. A. Hutton, cashier, First National Bank, Del Rio, Texas.
- John R. Hill, Barnett National Bank, Jacksonville, Fla.
- Jessamine G. Hoagland, publicity manager, National City Bank, Chicago, Ill.
- N. M. Hokanson, State Bank of Chicago, Chicago, Ill.
- Frank K. Houston, assistant cashier, Third National Bank, St. Louis, Mo.
- L. M. Howard, vice-president, Continental Bank & Trust Co., Shreveport, La.
- W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
- Theodore Jessup, Woodlawn Trust & Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
- N. W. Johnston, president, Illinois Trust & Savings Bank, Champaign, Ill.
- W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
- W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
- C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
- Grover Keyton, New Farley National Bank, Montgomery, Ala.
- M. R. Knauft, assistant cashier, Merchants National Bank, St. Paul, Minn.
- George L. Kreeck, treasurer, Farmers State Savings Bank & Trust Co., Lawrence, Kans.
- Henry M. Lester, National City Bank, New Rochelle, N. Y.
- A. E. Lindhjem, assistant cashier, Scandinavian American Nat. Bank, Minneapolis, Minn.
- L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
- E. B. McWilliam, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
- Ralph H. Mann, President Gloucester National Bank, Gloucester, Mass.
- H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
- Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
- H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago, Ill.
- J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
- Frank Merrill, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
- Will E. Morris, assistant cashier, Farmers & Merchants Bank, Stockton, Cal.
- E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
- Nebraska State Bank, Ord., Neb.
- Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.
- Old State National Bank, Evansville, Ind.
- J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.
- R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.
- A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
- W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
- John W. Pratt, Real Estate Officer, The Kennett Trust Co., Kennett Square, Pa.
- O. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
- Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
- W. W. Russell, cashier, First National Bank, White River Junction, Vt.
- George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.
- Almot Schlenker, assistant cashier, First National Bank, Brenham, Tex.
- Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
- E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
- Sioux City Trust & Sav. Bank, Ben W. Frieden, cashier, Sioux City, Iowa.
- T. K. Smith, Jr., manager, Gimbel Brothers, Bankers, New York City.
- J. G. Spangler, cashier, The Mesa City Bank, Mesa, Ariz.
- T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.
- C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
- A. C. Tonsemire, cashier, City Bank & Trust Co., Mobile, Ala.
- Union Trust Co. of D. C., Washington, D. C.
- F. H. Williams, assistant treasurer, Albany City Savings Institution, Albany, N. Y.
- John W. Wadden, Lake County Bank, Madison, S. D.
- Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.
- C. C. Willcox, care of Continental & Commercial Trust & Savings Bank, Chicago, Ill.
- Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
- Paul E. Zimmerman, cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

- The Citizens Bank & Trust Co., Tampa, Fla.
- Indiana Bldg. & Loan Association, South Bend, Ind.
- Chas. H. Moore, publicity manager, Spokane & Eastern Trust Co., Spokane, Wash.
- F. E. Stewart, secretary and treasurer, Commercial Savings Bank & Trust Co., Toledo, Ohio.

Association of Reserve City Bankers

THE third annual meeting of the Association of Reserve City Bankers, held in Louisville, Kentucky, April 19 and 20, proved to be the largest and most important yet held by that body. Those in attendance, numbering one hundred and fifty, were most enthusiastic over the work of the

convention. Last year, under the able direction of President Seiter and Secretary Johnson, the Association materially prospered.

The programme of this year's convention covered the following work: "Foreign Acceptances," A. Breton, vice-president Canal Bank and Trust Company, New Orleans; "Acceptances," F. W. Ellsworth, publicity manager Guaranty Trust Company, New York; "Present Facilities for Clearance of Checks by the Federal Reserve Banks," E. B. Clare-Avery, assistant cashier Merchants-Laclede National Bank, St. Louis; C. R. McKay, deputy governor Federal Reserve Bank, Chicago and J. H. Herzog, vice-president National Commercial Bank, Albany, N. Y.; "Audited Statements," E. F. Rorebeck, vice-president Metropolitan Trust Company, New York, and L. F. Kiese-wetter, vice-president Ohio National Bank, Columbus; "Country Clearing Houses," Carl H. Lewis, assistant cashier Central Bank and Trust Company, Atlanta, Ga.; discussion in reference to banks, acting as trustees, etc., Thos. Hildt, vice-president Astor Trust Company, New York; "Deduction of Interest on Items in Transit," C. F. Shaw, assistant cashier Fourth Street National Bank, Philadelphia.

The Association of Reserve City Bankers dates its inception from an informal meeting held in Indianapolis in October, 1912, by a number of representatives of reserve city banks who always constituted the advance guard at the annual National and State banking conventions. It was felt by those present that the solutions of many of the problems which confront the working official staff of the city bank were not and could not be considered at these annual conventions, and that some other means of collecting, discussing and dis-



E. B. CLARE-AVERY, ASSISTANT CASHIER MERCHANTS-LACLEDE NATIONAL BANK, OF ST. LOUIS, MISSOURI.

NEWLY ELECTED PRESIDENT ASSOCIATION OF RESERVE CITY BANKERS.

Prior to his becoming connected with the Merchants-Laclede National Bank, St. Louis, in 1908, Mr. Clare-Avery was manager of the St. Louis office of E. Naumburg & Co., dealers in commercial paper, Boston. Mr. Clare-Avery is a speaker of ability and reputation, is fond of golf, horses, and is a book collector. He has taken an active and prominent place in A. I. B. work. He was born in England thirty-eight years ago, and is yet unmarried, but is beloved of dogs and children—interpreted as a hopeful sign.

seminating information was necessary. Plans were formulated, and on December 14, 1912, at the La Salle Hotel in Chicago, the association was duly organized. Its intents and aims are set forth in its constitution, accepted at that time. Article II reads as follows:

"The objects and purposes for which this association is formed are to foster, protect and advance the banking interests generally, as well as the banks represented by the membership; to encourage integrity and good faith, just and equitable principles, and to discover and correct abuses; to prevent and adjust controversies; to disseminate information and statistics; and, in general, to promote the welfare and social intercourse of its members.

"No subject shall be discussed at any meeting which will in any way conflict with the interests of the American Bankers Association or of any State banking association."

Membership is restricted, save under special conditions, to "any person representing a bank located in a reserve city accepting bank deposits, and admission is obtained by a vote of two-thirds of the board of directors."

The list of charter members—which numbered one hundred and two—represented twenty-five of the reserve cities.

The officers comprise a president, vice-president, secretary and treasurer, who are annually elected, and seven directors, who serve for a term of two years each.

The first annual convention was held in St. Louis in April, 1913; the second, in Cincinnati, May 20-21, 1914, and the third, recently closed, in Louisville, April 19-20. At that meeting the membership numbered two hundred and seventy and represented every central reserve and reserve city in the country. With very few exceptions, the members are active officers in their respective institutions—the majority being vice-presidents and cashiers.

Considerable literature, treating of the transit question, has been circulated among the association members. At the St. Louis Convention there was present-

ed by recognized authorities on the subject—from Chicago, Boston, Detroit, Kansas City, Nashville and St. Louis—a brief for "Recommendations for the Consideration of Clearing-House Arrangements in Reserve City Banks for the Handling of Country Items." Copies of this were distributed to every Clearing-House Section in the country, and it has since been used in several cases as a basis for organization.

At the Cincinnati Convention, special consideration was given the question of independent audits, and a resolution was adopted which has since become ef-



W. E. WARD, VICE-PRESIDENT UNION NATIONAL BANK, CLEVELAND, OHIO.

NEWLY ELECTED VICE-PRESIDENT ASSOCIATION OF RESERVE CITY BANKERS.

Mr. Ward got his early training in the Euclid Avenue National Bank of Cleveland, and also served officially for several years in the Colonial National Bank of that city. In 1904 he was elected assistant cashier of the Union National Bank, was later made cashier, and in November last was elected vice-president. His promotion to these various positions was a deserved recognition of superior banking ability and a fine personality. Mr. Ward's many friends will be pleased by his election to the vice-presidency of the Association of Reserve City Bankers.

fective in many of the representative banks, whereby preference is given in the purchase of commercial paper to those names which are backed by the figures of a reputable chartered accounting firm.

In its deliberations the association has never courted publicity; the press is not admitted at its conventions; the speakers are drawn from its own ranks; and it accepts no entertainment from any bank, banking association or clearing-house at the point where its meetings are held.

The interest manifested by the members in the discussions is unique and unparalleled at any other banking convention, the attendance at the meetings in the past being on a parity with the registration.

There is unlimited scope for the association in its deliberations, dealing as it does with the actual working problems of the reserve city banker.

At the close of the Louisville meeting the following officers were elected for the coming year: President, E. B. Clare-Avery, assistant cashier Mer-



JOHN W. STALEY, VICE-PRESIDENT FIRST AND OLD DETROIT NATIONAL BANK, DETROIT, MICHIGAN.

NEWLY ELECTED SECRETARY ASSOCIATION OF RESERVE CITY BANKERS.

Mr. Staley is a native of Pennsylvania. He graduated from Albion College, with the degree of A. B., in 1892. He entered the First National Bank of Detroit in a minor capacity July, 1892; was made assistant cashier in 1903, and elected vice-president in 1911. He is a member of the University Club, Detroit Athletic Club, Sigma Chi Fraternity, and is a member of the board of governors and secretary of both the Bankers Club of Detroit and the Bloomfield Hills Country Club. Mr. Staley has attended the conventions of the American Bankers Association since 1907, and is deeply interested in everything relating to banking. His personality is forceful and pleasant.



HERBERT H. OWENS, VICE-PRESIDENT DROVERS AND MECHANICS NATIONAL BANK, BALTIMORE, MARYLAND.

NEWLY ELECTED TREASURER ASSOCIATION OF RESERVE CITY BANKERS.

Mr. Owens started his business and banking career with the Traders National Bank of Baltimore, remaining there about twenty months, when he went to the Farmers and Merchants National Bank, Baltimore, as a runner. After serving several years in different departments of this bank he was appointed an assistant cashier. About a year and a half ago he became associated with the Drovers and Mechanics National Bank as assistant to the president, and in January, 1914, was elected a director. At the last annual election he was made vice-president. Thus Mr. Owens has risen rapidly and steadily since his entrance into banking until he has reached his present important position.

chants-Laclede National Bank, St. Louis; vice-president, W. E. Ward, vice-president Union National Bank, Cleveland; treasurer, H. H. Owens, vice-president Drivers and Mechanics National Bank, Baltimore; secretary, Jno. W. Staley, vice-president First and Old Detroit National Bank, Detroit; directors: H. S. Rossell, Merchants Na-

tional Bank, Richmond; G. B. Smith, Continental and Commercial National Bank, Chicago; Karl Woodward, Colorado National Bank, Denver; A. Breton, Canal Bank and Trust Company, New Orleans.

Next year's meeting will be held at Detroit.

Book Reviews

BUSINESS ORGANIZATION AND COMBINATION. By Lewis H. Haney, Ph.D. (Revised edition, with additional chapter. Price \$2.00 net.) New York: The Macmillan Company.

THIS is a very comprehensive analysis of the evolution and nature of business organization in the United States, and offers a tentative solution of the corporation and trust problems.

Especial attention has been given to the problem of making the corporation a more desirable citizen. A new form of organization is suggested—a limited liability association—which will occupy the gap between the partnership and the corporation.



PUBLIC UTILITIES—THEIR FAIR PRESENT VALUE AND RETURN. By Hammond V. Hayes, Ph. D., New York: D. Van Nostrand Co. Price, \$2.00 net.

THE present volume is intended to supplement a previous study, made by the same writer, of the methods to be pursued in the valuation of property of public utilities. The subjects of going value and depreciation

have been considered at some length with the hope of removing some of the present misunderstanding relative thereto.

It is an able and thorough treatise on public-utility values.



INDIAN FINANCE, CURRENCY AND BANKING. By S. V. Doraiswami, Mylafore, Madras (India): Published by the author.

THIS is a vigorous criticism of the Indian gold-exchange standard, and a strong plea for a gold coinage and currency and a State bank for India.

It is stated that "In 1853 Lord Dalhousie demonetized gold, declaring that no gold coin of any sort would be received at the public treasury. For the first time India became solely a silver-using country."

The author then declares that this act "has been the origin of all our monetary troubles. For sixty-two years we have suffered from the currency muddle intensified by the experiments of every financial quack in power, and a satisfactory system of currency has not yet been established."

Not only is the gold-exchange standard sharply attacked, but the charge is made that the reserve fund in London is not judiciously handled.

Without expressing opinion on these matters, or presuming to judge whether India is ready for the acceptance of the author's programme, it may be said, without reservation, that his proposals for a gold coinage and currency, for

convertible bank notes and for a State bank, accord with the soundest banking and currency experience.

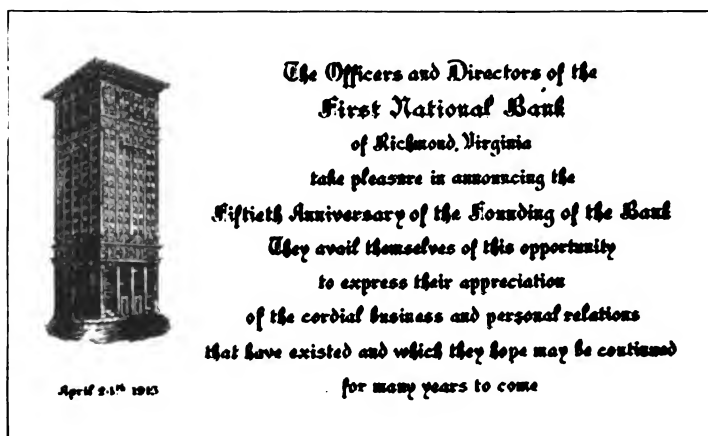
Aside from the author's own opinions, which show an intimate knowledge of his subject, the volume contains a summary of the Report of the Royal Commission on Indian Finance and Currency, and on the whole forms an interesting discussion of these matters.

A Golden Anniversary

BY means of the accompanying card the First National Bank of Richmond announces the completion of fifty years of service to the people of Richmond and the South. The National Bank Act was passed in 1864, during the war between the States, so that at that time no banks could be organized in the territory controlled by the Confederate armies, but immediately on

conclusion of the war, the First National was organized at a meeting held in Washington April 24, 1865, with a capital of \$100,000.

Hamilton G. Fant was the first president and Nathaniel August the first cashier. The capital was immediately increased to \$200,000, and on January 2, 1866, an initial dividend of ten per cent. was declared. In 1867



the bank was consolidated with the National Exchange Bank and the capital was increased to \$400,000. In 1872 a further increase to \$500,000 was made and subsequently it was raised to \$600,000.

December 24, 1901, Jno. M. Miller, Jr., then cashier of the Merchants and Farmers National of Charlotte, N. C., was elected cashier and from that time on the growth of the bank was most marked and satisfactory.

In 1910 arrangements were made in conjunction with the C. & O. and the R., F. & P. R. R. Companies to build a 20-story fire-proof building suitable for their joint occupancy with the bank and the First National Bank Building Corporation was organized for the purpose. This building, now the home of the bank, was completed July 1, 1912. Shortly afterwards consolidation with

the National Bank of Virginia was made and the resulting institution was capitalized at \$2,000,000, with a surplus of \$1,000,000.

Of the present officers Jno. B. Purcell was elected president June 9, 1904, Jno. Miller, Jr., was elected vice-president January 12, 1904, and W. M. Addison was elected cashier September 1, 1912, on the consolidation with the National Bank of Virginia.

The First National Bank of Richmond has had a long and honorable career, always fulfilling its obligations to the State and the public. That success has followed this policy is clearly indicated by its statement after fifty years, which shows capital, \$2,000,000; surplus and profits, \$1,177,857.31; deposits, \$12,838,641.46, and total resources, \$19,053,794.09.



An Appeal to High Ideals

IN a letter to the New York "Times," from New Haven, Conn., and signed by Junzo Kishi, is contained a moving appeal to high ideals, as may be seen:

"In an illuminating article entitled 'Japan's Ambition,' the general tone of which is gentle and persuasive, you say that Japan 'is copying out of the Western book the wrong lesson, the one England was the first to cast aside when she chose deliberately to make all parts of the British Empire free.' Admitting the traditionally lenient policy adopted by the British Government toward foreign traders, I fail to concur with your conclusion just quoted. You cannot possibly mean that the Yokohama merchant has an even chance at the ports of Vaucouver and Melbourne with the Manchester merchant, or that the Japanese immigrant enjoys equal privileges in Canada or in Australia with the European or American immigrant.

"Even the seemingly heartless Japanese are mothers' sons, deeply read

in the tragic histories of various subjugated nations and races, and they would not wantonly trespass on the sovereignties of Korea and China unless compelled by desperation. If England and the United States, the twin exponents of Western civilization, sincerely seek peace and fair play in the Far East, they ought to offer something besides pressure and coercion for the cure of Japan's greed.

"The remedy, a permanent remedy, if there is one, for the hatred, jealousy, and conflicts between classes, nations, and races must be found in 'an ethic which shall teach the individual to find his self-development and his happiness in the service of others, and which will forbid any individual, class, nation, or even race, from regarding itself as an end in itself apart from the rest of humanity.' The beauty in the human life is not the survival of one's self, but the sharing together of the joys and miseries common to all mortals."



GATES W. MCGARRAH
PRESIDENT MECHANICS AND METALS NATIONAL BANK
NEW YORK CITY



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Home of the Mechanics and Metals National Bank 20 Nassau Street, New York City

ON Monday, April 26, 1915, the officers and employees of the Mechanics & Metals National Bank of New York greeted its customers and friends in the institution's new home at 20 Nassau street. The building formerly occupied by the Fourth National Bank has been remodeled to meet the large and increasing business of the institution, and it now can be said that the bank occupies quarters commensurate with its size and importance, which are not inconsiderable, as its total resources on May 1st were over \$148,000,000. On the day in question

hundreds of visitors and friends called at the bank and commented on the commodious and comfortable appearance of the officers' quarters, the spaciousness of the various tellers' cages, and the large public lobby.

The building is known as No. 20 Nassau street, but in reality it occupies the entire block between Pine and Cedar streets, opposite the new Equitable Building, the arcade of which is directly across from the broad marble steps which curve upward to the entrance of the main banking room of the Mechanics & Metals.



THE PUBLIC LOBBY

EXECUTIVE OFFICES
MECHANICS AND METALS NATIONAL BANK, NEW YORK



THE ENTRANCE TO MECHANICS AND METALS NATIONAL BANK, NEW YORK
20 NASSAU STREET

This banking room contains about 10,500 square feet of open space and is one of the largest banking floors in the United States. The customers' lobby extends 130 feet on Nassau street and its width is about 25 feet. The working force of the bank is separated from the public by a screen of old English oak and bronze, and the walls of the entire room are finished with a paneling of old English oak reaching from the floor to the ceiling. The furniture is plain and in harmony with the surroundings, and the impression conveyed is one of homelike quietness and dignity.

As will be seen from the illustration, the officers' quarters are entirely open to the visiting public, all the officers' desks being in plain view, and the room is spacious enough to allow freedom of movement in the transaction of business.

Directly in the rear of the officers' quarters is the board room and to the left of that is the executive committee

room, both finished off in the same handsome tone.

The floor below the main banking room is occupied by the foreign exchange, certification, collection and coupon departments, as well as note teller.

A large portion of the floor above the main banking room is occupied by the mail teller, bookkeeping and transit departments.

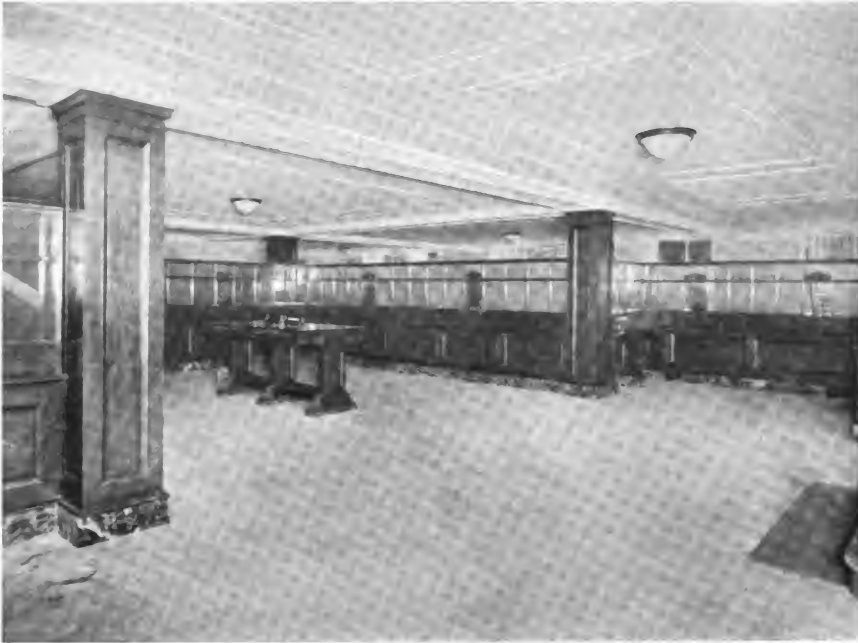


A BRIEF HISTORY

AT this time it might not be amiss to give a brief history of the Mechanics & Metals National Bank, which on March 23rd last celebrated its one hundred and fifth anniversary. At the time the bank was organized only three similar institutions had been chartered in the metropolis, and as these charters



THE BOARD AND EXECUTIVE COMMITTEE ROOMS
MECHANICS AND METALS NATIONAL BANK, NEW YORK



THE FOREIGN EXCHANGE DEPARTMENT
MECHANICS AND METALS NATIONAL BANK, NEW YORK

were difficult to obtain the Mechanics Bank had secured a very valuable franchise. The act of the Legislature granting the charter was signed by Joseph C. Yates, Governor of New York State, and the original is preserved in the archives of the bank. Its first president was John Slidell, and Whitehead Fish was the first cashier.

Since its organization the Mechanics & Metals National has constantly stood for integrity in business methods, and today it is one of the large and influential banks of the country, due, no doubt, to the quality of its service to correspondents and depositors, and a significant fact is that at the present time there are on the bank's books names that have been there over a century. It is part of the financial history of New York City that during the trying days of the War of 1812 the Mechanics Bank, which then had the largest capitalization of any similar institution in New York, placed at the service of the Government all the financial aid in its power.

The early history of the bank records the fact that it did a healthy and prosperous business even in those days and prior to 1834 it was noted for receiving larger deposits and paying more checks than any other institution in this city. In 1834 the bank was selected by the Treasury Department, on the removal of Government deposits from the United States Bank, as one of the institutions to be a depository of Government revenue in this city.

The original home of the bank was for years one of the landmarks of Wall street, it being a remodeled three-story dwelling house, and at one time had been occupied by Alexander Hamilton. The building was a modest one, standing back from the street a short distance; the bank's offices opening on the ground floor, and the president and his family occupying the upper rooms. On the same site the Mechanics Bank, later called the Mechanics & Metals National Bank, did business for 103 years, or until April 15, 1913, when the property

was sold to J. P. Morgan & Co., and the institution moved to 50 Wall street.

In 1904 the business of the Leather Manufacturers National Bank, of which Gates W. McGarrah was president, was merged with the Mechanics National Bank, Mr. McGarrah taking the presidency of the enlarged institution, and 1910 saw the consolidation of the business of the National Copper Bank with the Mechanics National under the present title of the Mechanics & Metals National Bank. In May, 1914, the Mechanics & Metals National Bank absorbed the Fourth National, and, as previously stated, the bank now occupies the former quarters of that institution.

The comptroller's call of May 1, 1915, showed a capital of \$6,000,000; surplus and undivided profits of \$9,251,285.41; and deposits totaling \$127,778,066.62, an increase under the present management in the past eleven years of \$110,000,000.

As an illustration of the progressiveness of the institution, its management has recently effected satisfactory arrangements by which they expect to be of material assistance to the business men of this country in the development of the rapidly growing trade with Central and South American countries, thus increasing the usefulness of a well equipped foreign exchange department.

Another indication of the modern methods and policy of this institution appears in the following paragraph taken from a general letter sent out last month by the president to the bank's numerous out-of-town correspondents and friends:

"The continuation of the European war still makes it extremely difficult to form any forecast of financial conditions for the balance of this year. It would seem from trade reports and the continued low rates for money that general business conditions throughout the country do not warrant the recent activities in the security markets, except with a few possible exceptions where the earnings of corporations have been phenomenally increased by war orders.

We cannot escape the feeling that, from a banking standpoint, long commitments at the prevailing rates for money may prove unsatisfactory in the event of a sudden termination of the war. In other words, with the cessation of hostilities much temporary financing that has been done by foreign governments will need to be put into long-time loans. It is by no means certain that our domestic business will be favorably affected when the war ends, for the reason that foreign manufacturers must speedily resume operations to recoup losses, and labor in those countries will seek employment at any wage offered. It seems quite reasonable to expect with the waste and destruction of property due to the war that this country will be called upon eventually to in some way pay a share of the tremendous cost."

The resources of this old and well-established bank are greater than ever before in its history, and the institution was never so well prepared as now to render complete and satisfactory service.

Its officers are: Gates W. McGarrah, president; Nicholas F. Palmer, Frank O. Roe, Walter F. Albertsen, Harry H. Pond and Samuel S. Campbell, vice-presidents; Joseph S. House, cashier; John Robinson, Ernest W. Davenport and Arthur M. Aiken, assistant cashiers; Alexander F. Bryan, auditor, and North McLean, manager foreign department.



New Secretary of Savings Bank Section, American Bankers Association

THE appointment of Milton W. Harrison as secretary of the Savings Bank Section, American Bankers Association, will be noted with approval by his many friends in all parts of the

country, as he brings to that office an equipment both as regards education and business experience that has fitted him pre-eminently to continue the lines



MILTON W. HARRISON
SECRETARY SAVINGS BANK SECTION AMERICAN
BANKERS ASSOCIATION

of endeavor so ably pursued by his predecessor, E. G. McWilliam.

Prior to his savings bank experience of over six years, during which time he was connected with the Brooklyn Savings Bank, Mr. Harrison graduated from the St. Lawrence University School of Law. He has taken several courses in the New York University School of Commerce and during the past two seasons has given a series of lectures on commercial law before New York Chapter, American Institute of Banking. He is a governor of New York Chapter, served as a second vice-president, 1914-1915, and was in charge of the Chapter's educational programme.

ALBERT P. FOWLER, first vice-president of the First National Bank of Syracuse, N. Y., passed away on May 20.

Mr. Fowler had been ill for several months, and his death, while not unexpected, was a severe shock to all his friends. He was forty-seven years of age, and all his life had been spent in Syracuse. As a lawyer he was considered one of the leading business advisers of the city. He was a graduate of Cornell University and prominent in its affairs, having been editor of the Cornell "Daily Sun," the "Cornell Era," and "The Cornellian."



ALBERT P. FOWLER
LATE VICE-PRESIDENT FIRST NATIONAL BANK,
SYRACUSE, N. Y.

He was the senior partner in the law firm of Fowler, Vann & Paine.

He was married in 1900 to Florence Vann, a daughter of Ex-Judge Irving G. Vann, of the Court of Appeals. Besides Mrs. Fowler he is survived by four children.



GEO. H. RUSSEL.

LATE PRESIDENT PEOPLE'S STATE BANK, DETROIT, MICHIGAN

[Mr. Russel died at his home in Detroit, May 17. He had long been president of the People's State Bank, was formerly president of the Detroit Clearing-House Association, and in 1898 was president of the American Bankers Association. As a banker, citizen and friend Mr. Russel was widely known, honored and loved.]

Foreign Banking and Finance

European

GROWTH OF BANKING IN THE UNITED KINGDOM

IN commenting on a compilation of statistics showing the growth of banking in the United Kingdom, "The Statist" of London says:

"The comprehensive statement of liabilities and assets of the banks of the United Kingdom given herewith shows the relative slowness with which banking funds accumulate. It will be seen that the total deposits, including the abnormal credits created by the Bank of England at the end of last year, amounted to £1,322,000,000. While this is a very large sum as banking deposits go, it has taken the nation over 200 years to get the deposits up to this figure. On the other hand, the savings of investors and others at the rate of upwards of £400,000,000 a year, would in only about three years reach the total amount of banking deposits accumulated in two centuries. Allowing for the amalgamations that have taken place in the past thirty years, and also for the abnormal amount of credit in the deposits at the present moment, the real deposits have grown from about £450,000,000 in 1880 to about £1,250,000,000 at the end of last year, an expansion of about £900,000,000 in thirty-four years. But in that period the addition to the wealth of the country through the savings of investors and others has been from not much more than £8,000,000,000 to some £17,000,000,000. Indeed, the great work our bankers have performed for this country has been to assist manufacturers, traders, and investors to accumulate their savings, and to make them available for the creation of fixed wealth. And this in the main is the work bankers are called upon to per-

form at the present time. With the vast numbers of branches they possess in all parts of the country, and the enormous influence their managers wield, they can probably do more than anyone first to induce the country to save the great sums needed to pay for the war, and, second, to assist investors of all classes, from the millionaire to the humble wage-earner, to put aside their savings day by day and week to week, and so to accumulate the great fund that is needed. As the Chancellor of the Exchequer has informed the nation, the country needs to more than double its savings in order to meet its war expenditures; in other words, in place of saving a total sum of about £400,000,000 a year, the country needs to provide money enough to cover the Budget deficiency of £862,000,000."



BANKING PROFITS IN 1914

THE year 1914 was not as profitable to bankers as the year 1913, says the London "Statist," for notwithstanding the sudden rise in the Bank of England rate at the end of July to eight per cent., and at the beginning of August to ten per cent., the average Bank of England rate for the whole year was no higher than £4 0s. 9d., in comparison with £4 15s. 5d. in the previous year. This was largely due to the fact that from January to July the bank rate was only three per cent. The open market rate of discount was also very low, being no higher than £2 17s. 6d. for three months' bills in comparison with £4 6s. 10d. in the previous year. The rate for day to day money was only £1 17s. 11d., against £3 14s. 5d. The result of these conditions was a substantial drop in the profits of bankers. For the year the

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Transact a general domestic and foreign banking business. All banking matters entrusted to us handled promptly and with care.

Special attention paid to collections in Havana and all parts of Cuba.

Principal Correspondents**NEW YORK CITY:**

National Bank of Commerce
in New York

LONDON:

Baring Bros. & Co., Limited

PARIS:

Morgan, Harjes & Co.

BERLIN:

L. Behrens & Soehne

MADRID:

Garcia, Calamarie y C.

of the year there was an improvement in the prices of securities, and the decline that occurred in July did no more than neutralize the recovery that had taken place in the early part of the year, and on balance bankers were not compelled to make any substantial provision for depreciation, as the prices at the end of July continued to be the fixed minimum prices to the end of the year.

That our bankers last year earned a profit of some £16,000,000 and placed a large portion of it to hidden reserves, and are likely to earn big profits during the war and to devote greater sums than usual to reserve is a matter for congratulation as enabling them to maintain their strength unimpaired and to enjoy the complete confidence of their customers. Below we contrast the profits earned by the banks of this country, exclusive of the Bank of England, in 1914 and 1913:

**LARGE BRITISH BANKS**

BRITISH banks continue to grow rapidly in importance, says the London "Statist." The enormous balances, government and private, which the Bank of England now possess have placed that institution at the head of our banking system, in the matter of deposits, with a total of £155,000,000 at the end of December. At the present time the deposits of the bank amount to the much greater sum of £223,000,000. Of the joint-stock banks, the London

gross income of British banks, excluding the Bank of England, was about £43,000,000, against £50,000,000 in 1913.

As an offset to this fall in profits, however, has to be placed the fact that bankers had not to write off the same amount for depreciation of securities as in the previous year. In the early part

ESTIMATED AGGREGATE INCOME AND EXPENSES OF BANKS OF UNITED KINGDOM, EXCLUSIVE OF THE BANK OF ENGLAND, YEARS 1913 AND 1914.

	£ 1914	£ 1913	£ Inc. or Dec.
Gross receipts	43,323,000	50,208,000	—6,885,000
Interest on deposits.....	12,058,000	17,452,000	—5,394,000
Gross profit	31,265,000	32,756,000	—1,491,000
Expenses	15,524,000	15,096,000	+ 428,000
Net receipts	15,741,000	17,660,000	—1,919,000
Return on capital.....	22.29%	24.80%	— 2.51
Return on capital and reserve.....	13.47%	15.00%	— 1.53
Return on total funds employed.....	1.16%	1.38%	— 0.22

City and Midland at the end of December had the largest deposits, their amount being £126,000,000; at the end of April they had risen to £135,000,000. Lloyds comes next with a total of nearly £118,000,000 at the end of December, and about £125,000,000 at the end of April. The deposits of the London County and Westminster at the close of

1914 were £101,000,000, and they are now £107,000,000; while the National Provincial had deposits at the close of last year of £75,000,000, and now possesses £79,000,000. To show the greatness of our banking institutions at the end of December last, in the order of their magnitude, we give the following statement:

DEPOSITS AND NUMBER OF OFFICES OF THE PRINCIPAL BANKS OF THE UNITED KINGDOM AT THE END OF 1914.

	Deposits and Current Accounts. £	No. of Offices.
1 Bank of England	155,011,735	11
2 London City and Midland.....	125,732,736	1027
3 Lloyds	117,657,945	1085
4 London County and Westminster.....	101,428,373	363
5 National Provincial	74,916,018	447
6 Barclay & Co.....	67,425,433	606
7 Parr's	52,629,528	332
8 Union of London & Smiths.....	46,813,692	234
9 Capital and Counties.....	44,477,690	496
10 London Joint Stock.....	40,653,102	315
11 Bank of Liverpool.....	28,025,441	239
12 Manchester and Liverpool District.....	27,412,987	213
13 London and South-Western.....	23,559,507	205
14 London and Provincial.....	21,731,260	359
15 Bank of Scotland (Feb. 28, 1914).....	21,669,943	166
16 Yorkshire Penny Bank.....	20,157,809	118
17 Glyn, Mills, Currie & Co.....	19,542,132	1
18 Commercial of Scotland (Oct. 31, 1914).....	19,231,743	174
19 Williams Deacon's	18,381,581	119
20 National of Scotland (Nov. 1, 1914).....	18,162,755	125
21 Union of Scotland (April 1, 1915).....	17,849,839	163
22 Royal of Scotland (Oct. 10, 1914).....	17,275,571	166
23 Bank of Ireland	16,360,317	111
24 Clydesdale	16,253,320	154
25 United Counties	15,492,368	205
26 British Linen (Jan. 15, 1915).....	15,417,834	154
27 National (Ireland)	15,293,800	151
28 Coutts & Co.....	12,666,393	2
29 Lancashire and Yorkshire.....	12,320,790	130
30 Baring Bros. & Co.....	11,377,869	1
31 Manchester and County.....	11,047,391	119
32 Ulster (Aug. 31, 1914).....	9,970,823	168
33 North of Scotland and Town and County (Sept. 30, 1914)....	8,771,273	149
34 Munster and Leinster.....	7,208,716	96
35 Beckett's	7,037,694	34
36 Blydenstein & Co.....	6,885,233	1
37 Provincial of Ireland.....	6,752,422	91
38 Belfast (July 31, 1914).....	6,711,414	83
39 Union of Manchester.....	6,594,015	89
40 West Yorkshire	6,482,201	35
41 Northern (Ireland) (Aug. 31, 1914).....	5,882,009	106
42 Bradford District	5,712,589	16
43 Cox & Co. (Oct. 8, 1914).....	5,479,212	7

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

THE RUSSIAN IMPERIAL NOTE ISSUE.

IN Russia, says the London "Economist," until the war, the Imperial Bank was bound by a strict law in respect to note issues. It might issue unsecured notes to the extent of only 300,000,000 roubles. But any further issue had to be secured by gold—rouble for rouble. The outbreak of the war made it necessary to extend the right of the Imperial Bank to issue notes. On July 27-August 9, on the initiative of the Council of Ministers and by Imperial sanction, the right of the bank to issue notes was extended to 1,500,000,000 roubles. On March 17-30 this year the Imperial Bank obtained authority to issue a further 1,000,000,000 roubles. This extension was only conceded as a temporary measure of relief till the period of the extreme stress of the war shall have passed away. Thus the issue rights of the Imperial Bank by the new law reach 2,500,000,000 roubles, plus any issue it may make properly secured by gold—that is, rouble for rouble.



NEW CAPITAL ISSUES IN GREAT BRITAIN

IN spite of the Treasury regulations respecting the new issues of capital, says the London "Statist," the amount

of capital raised in this country for various purposes since the beginning of the year is not inconsiderable. The aggregate sum for the four months is as much as £65,910,000. This includes, however, the issue of Exchequer bonds of some £30,000,000 not for conversion purposes. Of the total amount raised, £21,000,000 has been for foreign countries, nearly £9,000,000 for British possessions, £311,000 for India and Ceylon, and £6,000,000 for the United Kingdom over and above the Exchequer bonds.

The greater part of the issues consists of the £10,000,000 of French Government Treasury bills and £10,000,000 of Russian Government bills. During the four months the greater part of the British War Loan for £350,000,000 placed in November has been paid up.

It is evident that the capital actually subscribed and paid up for the four months has been the greatest ever raised in this country. Doubtless a very large part of the money has come out of banking funds, but when due allowance is made for this fact it is evident that capital subscribed by British investors out of their savings has been much greater than ever before. The ability of investors to provide as much money as they have done arises, of course, from the fact that the amount of capital now being spent upon the construction of houses, buildings, etc., is unusually small, and that the greater portion of the savings of the nation is now passing through the London market in subscriptions to British Government loans and to other public issues of capital.



Australasian

UNION BANK OF AUSTRALIA

FOR the last half-year for which reports are available, this bank increased its profits more than £12,000 compared with the preceding half-year. Total assets were £29,309,895.

COMMONWELATH BANK OF
AUSTRALIA

WITH the fifth balance-sheet of this bank in hand, it is possible to note the growth of this institution. From June, 1913, to the end of last year deposits rose from £2,176,820 to £4,970,881, and savings bank deposits, with interest, from £2,694,774 to £6,078,392; total assets increased from £5,055,381 to £11,360,504. At the end of December, 1913, profits were £1,547, while last year they were £13,429.



BANK OF ADELAIDE

IN the last half-year the earnings of the Bank of Adelaide enabled the payment of a dividend at the rate of eight per cent. and to carry forward £33,190.



LONDON BANK OF AUSTRALIA

IN view of the prevailing conditions in the second half of the period, the showing in the report of the directors of the London Bank of Australia for the year ended December 31 last is a very satisfactory one, says the "British Australasian." The profits, after deducting management charges, all taxes, including the Federal land tax, and State Government land taxes, providing for all bad and doubtful debts (no provision being necessary for investments at December 31 last) amount to £83,578 9s. 1d., to which is to be added the amount brought forward, £25,071—making together £108,650. After providing for interest to March 31, 1914, at $4\frac{1}{2}$ per cent., on transferable deposit receipts (£5,184), transfer to reserve fund (£30,000), making it £300,000, and grant to officers' provident fund £2,000, there remained £71,465. From this had to be deducted the interim dividends at seven per cent. per annum for the six months ended June 30, 1914,

NOYES & COMPANY

Established 1879

Foreign Bills
Government and Municipal Bonds

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PARIS - FRANCE

paid on November 3, 1914 (£19,977), leaving a balance to be dealt with of £51,488. This the directors recommended to be appropriated as follows: Dividend of seven per cent. per annum on the preference shares for the six months ended December 31, 1914, £6,017 11s.; dividends of seven per cent. per annum on the ordinary shares for the same period, £17,152 14s. 3d.—leaving a balance to be carried forward to the next account of £28,317 13s. After payment of the above dividends, the preference shares will have received a full dividend at the rate of seven per cent. per annum for five years, and henceforth, in the terms of the bank's articles of association, cease to be entitled to any preference or priority in respect of dividend.

During the year branches have been opened at Ultima, in Victoria, and at Roma street, Brisbane, in Queensland.



LONDON BANK OF AUSTRALIA

THE annual general meeting of shareholders of the London Bank of Australia was held in London on April 15, Mr. David Finlayson, the chairman, presiding. In speaking of the operations for the last year he said that the bank had met the requirements of its customers, and had been prepared to undertake whatever business was ob-

Banco de Guatemala
 Established July 15, 1895
 Guatemala C. A.

Directors
ADOLFO STAHL, D. B. HODGSDON
J. R. CAMACHO
C. GALLUSSEE, Manager

Authorized Capital \$10,000,000.00
Capital subscribed and paid up 2,500,000.00
Reserve Fund 7,200,289.69
Contingency Fund 3,000,000.00

Foreign Correspondents

New York: Messrs. G. Amsinck & Co.; Messrs. J. & W. Seligman & Co.; The National City Bank of New York. **San Francisco, Cal.:** The Anglo & London Paris National Bank of San Francisco. **New Orleans:** The Whitney-Central National Bank. **Mexico:** Banco Nacional de Mexico. **Paris:** Messrs. de Neuflize & Cie. **London:** Deutsche Bank (Berlin), London Agency; London County & Westminster Bank, Ltd. **Hamburg:** Deutsche Bank Filiale Hamburg; Messrs. L. Behrens & Sohne, Messrs. Schroder, Gebrüder & Co.; Mr. Carlo Z. Thomsen. **Madrid:** Messrs. Garcia-Calamarite & Cia. **Barcelona:** Messrs. Garcia-Calamarite & Cia.; Banco Hispano Americano. **Milano:** Credito Italiano.

Agencies in Guatemala

Antigua	Puerto Barrios	Escuintla
Jutiapa	Zacapa	Mazatenango
Pochula	Coban	Ocosingo
Coatepeque	Retalhuleu	Tumbador
Livingston	Salama	

General Banking Business, Special Attention Paid to Collections from Abroad and Letters of Credit.

of all the circumstances the board believed that the shareholders would be pleased with the report and balance-sheet now in their hands. As to the future, he said that they were doing a good general business, and believed they could rely on at least holding their ground until the present calamities had passed and a way was opened for renewed and increased enterprise in developing the rich and varied field in which their operations lay. It was very unfortunate for Australia that in the midst of the splendid assistance she was giving to the general cause she should be afflicted with a serious drought. Dealing with the profit and loss account, he stated that the directors had added £30,000 to reserve fund and awarded £2,000 to officers' provident fund. They paid an interim dividend at the rate of seven per cent. per annum in November last, and now proposed a final dividend at the same rate, and to carry forward the balance of £28,317, which was £3,246 more than was carried forward last year. All priority in respect of dividends on the preference shares now ceased.



Asiatic

SUMITOMO BANK, LIMITED

DEPOSITS of this institution, as shown by a recent statement, were yen 71,447,589. It was in 1900 that

tainable of the usual character. Unfortunately, owing to the war influence, to the effects of drought, the volume of exchange business had been sensibly diminished, curtailing for the time being a profitable field of operations. In view

Banco de Nuevo Leon
 MONTEREY, N. L., MEXICO
 ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000 Reserves, \$919,682.79 Deposits, \$3,308,318.68

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; **LONDON,** Dresdner Bank, Credit Lyonnais; **BERLIN,** Deutsche Bank, Berliner Handels-Gesellschaft; **PARIS,** Credit Lyonnais; **Comptoir National d'Escompte;** **HAMBURG,** Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; **MADRID,** Banco Hispano Americano, Banco de Castilla; **HABANA,** Banco de la Habana.

RODOLFO M. GARZA, Manager
AMADOR PAZ, Cashier
ARTURO MANRIQUE, Accountant

the deposits first rose above yen 10,000,000. By 1910 they had risen to yen 46,598,000, and to yen 71,447,000 at the end of last year.



Latin-America

BANCO DE NUEVO LEON

THIS institution, located at Monterrey, State of Nuevo Leon, Mexico, now reports \$2,000,000 capital and \$919,000 reserve fund. Cash holdings on April 30 included \$665,000 gold, and \$210,928 silver. The circulation of the bank was \$2,132,239.



ARGENTINE AFFAIRS

FROM a Buenos Ayres correspondent of the London "Economist," is obtained the following information about affairs in Argentina:

The weather is everything that could be desired for the maize, and a "record" crop is now almost assured. More than a week of fine weather has dried up the country roads and permitted the transport of grain to the railway stations, to be taken to the ports of embarkation, and already the exportation of wheat, maize, and oats has considerably ex-

ceeded that of the first three months of last year. Exports of linseed have diminished by 173,000 tons. The augmented movement of grain has, of course, a favorable influence upon the traffic receipts of the railways.

Steamers for the transport of grain to Europe are still scarce, and the extremely high freights are maintained. The Southern Railway Company has consequently been able to make a very profitable use of the eight ships belonging to it which bring its supply of coal from Europe.

A slight improvement has taken place in the custom-house receipts, but the total amount for the first three months of this year is still less by nearly one-half than that of the first quarter of last year. This, of course, is due in part to the cessation of imports from German and Austria-Hungary, but also in part to the diminution in the consumption of luxuries and in the imports of materials for industrial uses, especially those for building operations, which continue almost paralyzed.

The Caja de Conversion now holds \$225,940,020 in gold and government bonds (representing the deposits in the Legations) for \$56,033,007 gold. The paper money in circulation amounts to \$923,800,000, and the nickel and copper coins represent about \$10,000,000 m/n.

The Minister of Finance proposes to authorize the Bank of the Nation to

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY,
President

K. M. VAN ZANDT, Jr.,
Vice-President and Manager

H. C. HEAD,
Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

GENERAL BANKING TRANSACTED

TELEGRAPHIC TRANSFERS

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Unsurpassed Collection Facilities Throughout the Republic

SEND US YOUR MEXICO BUSINESS

WRITE US UPON ANY SUBJECT WHICH MAY BE OF INTEREST TO YOU IN THE
REPUBLIC OF MEXICO. P. O. Address: Apartado 1346.

sell to the depositors in its savings department bonds of the 1911 series of the Credito Argentino Interno, which the Treasury held at the date of the budget to the amount of \$50,000,000 m/n, which bonds were authorized by an article in the budget to be sold to meet a part of the cost of public works.

The returns made by the Banks of the Capital of their balances on February 28 have been published. Their deposits amounted in the aggregate (in round

numbers) to \$26,800,000 gold and \$1,242,000,000 m/n. The advances and discounts are stated at \$13,600,000 gold and \$1,151,000,000 m/n. The cash reserves amounted to \$38,419,000 gold and \$170,000,000 m/n.

The Bank of the Nation holds \$17,241,000 gold, and the London and River Plate Bank holds nearly \$9,000,000 gold and nearly \$60,000,000 m/n. The National City Bank of New York holds \$162,000 gold and \$1,861,000 m/n.



Capital and Credit

MANY people are complaining that while bank credit seems cheap and abundant, capital is not easily procurable and only at high rates. Here is an explanation of this situation, given in the "Financial Letter" of the American National Park, San Francisco:

"A great many people cannot reconcile in their minds the fact that while interest rates are at present extremely low, there is a decided dearth of capital for new enterprises. When they hear of the banks of New York, Chicago and San Francisco investing money at two or three per cent. they naturally feel that their perfectly good propositions should attract necessary funds and are inclined to believe they are, in some manner, the victims of discrimination. An analysis of the situation should correct this impression.

"Capital and bank credit are entirely separate commodities, although the majority of borrowers fail to grasp the meaning of the terms or distinguish the line of demarcation, especially in time of prosperity when their relationship is very close. When a great upheaval in the credit system of the world occurs, as was witnessed last August, capital and bank credit sue for a divorce and immediately obtain an interlocutory decree. If uncertain conditions follow the

upheaval and continue over a period of time, as was the case last fall, capital becomes more and more timid, refusing at last to even flirt with the fairest and most seductive propositions presented.

"While it is true there is at present an abundance of funds seeking investment, it is not for capital purposes and the desire of investors to keep their assets in liquid form—yet earning something in the way of interest pending a settlement of the war and a restoration of complete confidence—has forced the rates on gilt edge, short time paper down to a point considered impossible six months ago. Notwithstanding the conflict in Europe has no parallel in history and in consequence the business world has been forced to adapt itself to a series of rapid and unprecedented changes in many fundamentals, underlying conditions are sound; and it is highly probable there will shortly be an adjustment of the credit situation, predicated partly on a feeling as to the outcome of the war and partly on confidence in the impregnable neutral position of this country. When this adjustment is brought about, there should be an immediate release of funds for capital requirements; interest rates should advance, and prosperity should once more stand knocking at our doors."

Banking and Financial Notes



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$200,000
Surplus and Profits over 1,000,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

EASTERN STATES

New York City

—Group VII of the New York State Bankers Association had a spring outing and dinner at Garden City, Long Island, May 22. There were outdoor sports, an organ recital at the Cathedral, a dinner at the Garden City Hotel, and speaking by Benjamin Strong, Jr., Governor of the Federal Reserve Bank of New York, and by Hon. Joseph M. Belford.

—The annual meeting of the Savings Banks Association of the State of New

York was held in this city on May 20. State Superintendent of Banks Eugene Lamb Richards, in the course of an address, had the following to say about the savings banks of the State:

"A year ago to-day," said Superintendent Richards, "when this association was in convention, I pictured the savings bank system as a great suspension bridge woven from many little strands into a great highway for the people of this State by your ability and industry. Since then momentous things have happened. A world-wide cataclysm, with wars and rumors of wars, has shaken and is still shaking the earth. But your bridge still stands—and stands not only because it was well built but because it has been well maintained by you whose duty it was to maintain it. You have kept the bridge. You have kept your faith with the people. And this faith rests on something more than either brains or bullion. Our banks have wealth; our bankers have brains. But these are not all. The essential foundation of the people's faith—which is public confidence—has been character and that character which has given our banks and bankers what they have to-day, the financial leadership of the world.

"However, every one realizes that many factors besides general financial disturbances have been and still are threatening to impair the usefulness of the savings bank system. You are facing competition for savings accounts from the postal savings banks, the trust companies, and the banks of discount, to say nothing of the agitation for municipal savings banks and governmental guaranty for national bank deposits—all these things are disturbing elements, even though you have hitherto overcome them.

"And the whole banking community must face these problems unselfishly,

with good judgment and with open minds. All of us must be willing to listen to proposed remedies, and while the banking millennium of complete co-operation and absolute solvency may never arrive, we must do our share to bring it nearer.

"On my mind one thought has been indelibly impressed by the events of this strenuous year. It is more than a thought. It is a conviction—the conviction that some way must soon be devised to satisfy the depositors in every bank of this State that their money is as safe there as a deposit in the United States Treasury."

—Plans have been prepared for the construction of a one-story branch building on the north side of Queensboro Bridge Plaza, between Jackson and Hunter avenues, Long Island City, for the Bank of Long Island, whose main office is at Jamaica. It is expected that the building will cost \$40,000.

—Hon. George C. Van Tuyl, Jr., formerly State Superintendent of Banks, and now president of the Metropolitan Trust Company, of this city, has been appointed by Governor Whitman as a member of the Saratoga Reservation Commission. He is to take the place of Mr. George Foster Peabody, whose term expired recently. Mr. Van Tuyl's appointment is a peculiarly fitting one,

as during the years that he was prominent as an Albany banker he spent much time in the summer months at Saratoga, and he is greatly interested in the work of the State in restoring the famous mineral springs to their old-time condition of usefulness. His well-known energy and the co-operation he can command on the part of others will be a valuable adjunct to the work.

—Employees of the National Park Bank of New York have recently organized a social club called the Park Bank Club. The constitution of the club states its object to be "to promote a spirit of good-fellowship among the members and to encourage loyalty to the National Park Bank."

The club begins operations with a membership of 235. The plans of the organization are ambitious, including a thrift department in which the savings of the members may be advantageously invested.

Plans for an annual outing are under way, and the various committees, including athletic, entertainment and musical, are at work upon features which will interest and benefit the members.

The officers of the club are: W. T. Ames, president; P. J. Ebbott, vice-president; J. Cook, secretary and R. McMurray, treasurer.

—The Forum Section of New York Chapter, American Institute of Banking, which meets bi-weekly from October to April, for the consideration of topics of special interest to banks and bankers, held its annual dinner at the Hotel Lafayette on the evening of April 28.

R. A. Philpot, of Lazard Frères, chairman of the section, presided and Fred W. Ellsworth, publicity manager of the Guaranty Trust Company, acted as toastmaster.

William A. Law, president of the First National Bank of Philadelphia, and president of the American Bankers Association, told the members that the future of banking in this country will

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A Single Contract and a guaranteed limit of cost for a complete building operation.

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Our facilities and experience enable us to properly equip a vault complete for a bank of any size. The Baker-Vawter Unit plan enables the small bank to install one section at a time and add to it as its growth demands.

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We carry in stock for immediate shipment a large variety of High Grade Steel Filing Sections for High Grade Banks.

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Bank Accounting Systems Steel Filing Equipment

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OFFICES—In all principal cities SALESMEN—Everywhere

be safe in the hands of the Federal Reserve Board.

Mayor Gregory of East Orange, counsel for the New York Credit Men's Association, asserted that one of the greatest problems of this country is the mutualization of interests between the government and the people. In referring to his own profession he stated that "the least constructive body of men that could be got together would be lawyers. They are so hedged about by red tape, conventionalities and precedents that they will become a detriment instead of an advantage unless they forget the musty contents of many dust-covered books." Mr. Gregory also predicted that after the cessation of European hostilities New York would become the financial center of the world.

George E. Allen, educational director of the institute, delivered an address on the "Ideals and Accomplishments of the Institute."

Other speakers were: O. Howard Wolfe, president of the New York Chapter; C. P. Kennedy, vice-president of the Century Bank; Jason A. Neilson, one of the founders of New York Chapter, and Dr. Whitehall.

—The annual meeting of New York Chapter, American Institute of Banking, was held at the chapter rooms, 138 East 35th street, on Thursday evening, May 13. President O. Howard Wolfe presided and after reviewing the accomplishments of the year, announced that sixty-six men had successfully com-

pleted the first year's work and that ninety-eight men had passed the final examinations. Certificates of graduation of the American Institute of Banking will be presented to the graduates at the opening meeting in September.

The prize of \$25 in gold, offered by James G. Cannon for the best essay on "The Probable Effect of the Federal Reserve Act on New York as a Banking Center," was awarded to Frederick T. Bolan of the National Bank of Commerce, and honorable mention was accorded to Robert Stiles of the United States Mortgage and Trust Company. Mr. Cannon made the presentation address and paid high tribute to the seventeen men who submitted papers.

J. E. Rovensky, assistant cashier of the National Bank of Commerce, addressed the members on "What the Institute Has Done for Institute Men." His talk, which consisted of concrete examples of men who had been given a broad outlook through the institute, was particularly timely and inspiring in view of the fact that the attendance was largely made up of men who have passed or are pursuing the courses of study.

Ten new governors were elected to serve the chapter for three years, as follows:

H. M. Baldwin, Title Guarantee and Trust Company; C. M. Bischoff, Lincoln Trust Company; J. S. Creighton, Irving National Bank; William Feick, Broadway Trust Company; C. J. Fetterer, Bank of the Metropolis; Milton

A Louisiana National Bank finds the Collins plan the most effective method of procuring new depositors.

After two years of Collins Service they write, "Since beginning your Service, several thousand new accounts have been opened in this Bank and our Deposits increased nearly a Million Dollars. Much of this increase can be directly traced to your System."

**COLLINS
PUBLICITY SERVICE
PHILADELPHIA**

W. Harrison, Brooklyn Savings Bank; A. F. Johnson, Irving National Bank; A. F. Maxwell, National Bank of Commerce; Irving H. Meehan, Farmers Loan and Trust Company; R. A. Philpot, Lazard Frères.

The following officers were elected for the ensuing year: President, J. A. Seaborg of the Bankers Trust Company; 1st vice-president, B. P. Robbins of the National Park Bank; 2nd vice-president, C. F. Manchon of the Union Exchange National Bank; treasurer, L. H. Ohlrogge of the National Park Bank; chief consul, B. S. Miller of the Chemical National Bank; secretary of the Board of Consuls, P. B. Menagh of the National Newark Banking Company. Harold S. Schultz was reappointed secretary of the chapter.

—The Nassau National Bank of Brooklyn in its statement of May 1, 1915, shows total deposits of \$9,387,395.17, an increase of over \$250,000 since the March statement. The total resources of the bank now figure at nearly \$12,000,000.

—Arrangements have been made by the Equitable Trust Company to provide circular letters of credit in dollars instead of pounds sterling, drafts drawn against these letters being sent direct to New York instead of going through London.

"This is the first instance," says an explanatory statement by the trust company, "of a truly international letter of credit. A traveler starting from New York can draw against it in dollars in Chicago or Shanghai, Paris or Vladivostok with equal ease. The sterling

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$500,000

OFFICERS

JULIAN P. FAIRCHILD,
WILLIAM HARKNESS,
D. W. McWILLIAMS,
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

Vice-Presidents

THOMAS BLAKE, *Secretary*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

letter now handled by the banks would be difficult of use in this country if the holder desired to realize on it, and the operation would be rather expensive, as it would have to be carried on through London, and the exchange rate would figure as an item of cost.

"In the new dollar letter of credit are combined the best features of the sterling credit, together with the facilities provided by travelers' checks, and in view of its simplicity, which reduces the cost of handling, the American traveler benefits by better rates of exchange. The operation of securing funds under the dollar credit is very simple. Suppose, for instance, the traveler should be in need of funds in London. He would draw a draft for, say, \$100, present the draft and letter of credit to the local branch of the trust company or the London City and Midland Bank, and receive the equivalent in English funds for his dollar draft at the fixed rate printed in his letter. The same procedure would be followed in Paris, Genoa, Petrograd, Berlin, Vienna, or in any other city of the globe, and all such drafts would be charged in those cities to the traveler's account and finally cleared through New York instead of London.

"This dollar letter of credit seems to be the most satisfactory form of securing funds for the American traveler which the bankers have so far produced, and, considering the fact that the trust company will have offices in all large European centers for its protection, there is good ground to believe that it will be strongly supported by American banks and bankers."

—Deposits of the Hanover National Bank on May 1 were well above \$130,000,000 and total resources, \$149,132,574.



Philadelphia

—In response to the latest call of the Comptroller the Philadelphia National Bank issued a statement May 1

**Sooner or later
you will want
your Banking
house to reflect
the real character
of your institution.**

To help you in achieving this result, we offer the services of our organization that, for seven years, has devoted itself, exclusively, to work for bankers. Our work for over four hundred banks bespeaks the reliability and thoroughness of our methods.

Our contract covers the work as a whole, every detail thought out and provided for.

We have a book of actual photographs of some of our work which we are glad to send free for the asking.

**BANKERS ENGINEERING
COMPANY**

NO. 106 EAST 19TH STREET
NEW YORK

Citizens State Bank and Trust Company

DALLAS, TEXAS

Opened For Business May 31, 1913

Comparative Statement Showing Growth in
Deposits

Deposits June 4, 1913 . .	\$144,606.51
Deposits August 9, 1913 . .	296,299.27
Deposits October 21, 1913 . .	552,788.95
Deposits June 30, 1914 . .	730,000.00

Prompt attention given to all Banking
Matters entrusted to our care.

showing: Capital, \$1,500,000; earned surplus and profits, \$4,959,924.55; individual deposits, \$43,120,409.13; bank deposits, \$24,975,723.78; total, \$68,096,132.96. Loans and discounts stood at \$48,565,163.93 and cash and reserve and exchanges for clearing house, \$16,995,420.06.

—At the annual election of the Philadelphia Chapter, American Institute of Banking, held at the Hotel Walton May 7, the following were elected members of the board of governors for a term of three years: William W. Allen, Jr., Philadelphia National Bank; Carl H. Chaffee, First National Bank; Carl W. Fenninger, Provident Life and Trust Company; William A. McCamy, Fourth Street National Bank, and E. Henry Thurman, Ninth National Bank.

The following were elected delegates to the institute convention, to be held in San Francisco in August: R. C. Alexander, Central National Bank; William W. Allen, Jr., Philadelphia National Bank; H. C. Antrim, People's Trust Company; T. W. Asbury, Jr., Third National Bank; M. F. Benton, Land Title and Trust Company; J. B. Borden, Borden & Knoblauch; William A. Carty, Bank of North America; Carl H. Chaffee, First National Bank; Armitt H. Coate, Burlington County Safe Deposit and Trust Company, Moorestown, N. J.; Arthur R. Elmer, Franklin National

Bank; William S. Evans, Henry & West; Frank C. Eves, West Philadelphia Title and Trust Company; Anthony G. Felix, People's Bank; Carl W. Fenninger, Provident Life and Trust Company; Robert U. Frey, Pennsylvania Company for Insurances on Lives, etc.; Charles C. Gamble, Corn Exchange National Bank; S. E. Guggenheim, Tradesmen's National Bank; Henry J. Haas, First National Bank; Norman T. Hayes, Philadelphia National Bank; Martin Lee, Farmers and Mechanics' National Bank; Jordan Mathews, Girard Trust Company; E. Wallace Miller, Philadelphia National Bank; Eugene J. Morris, Manayunk National Bank; David J. Myers, Girard National Bank; William A. Nickert, Eighth National Bank; John R. Roberts, Jenkintown Trust Company, Jenkintown, Pa.; J. Ralph Satterthwait, Pennsylvania Company for Insurances on Lives, etc.; T. W. Scattergood, Provident Life and Trust Company; Henry F. Schwartz, Berton, Griscom & Co.; C. F. Shaw, Jr., Fourth Street National Bank; Harold B. Shill, Provident Life and Trust Company; Thomas W. Smith, First National Bank; J. G. Sonneborn,

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street.
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
CHARLES T. WILLS, Vice-Pres.
WM. L. DOUGLASS, 2d Vice-Pres.
ARTHUR W. SNOW, Cashier
R. T. THORN, Asst. Cashier
JOHN W. PEDDIE, Asst. Cashier

DIRECTORS

Charles T. Wills	Morgan J. O'Brien
Ruel W. Poor	Thomas D. Adams
Samuel Adams	Robert J. Horner
Wm. H. Gelsheuen	A. Pagenstecher, Jr.
Frederick T. Fleitmann	

Ninth National Bank; William L. Stroud, Henry & West; J. C. Torrey, Philadelphia National Bank; John C. Wallace, Philadelphia Trust, Safe Deposit and Insurance Company; O. Stuart White, Union National Bank; Edmund Williams, Tradesmen's National Bank.

—The May 1st statement of the First National Bank of Philadelphia, Wm. A. Law, president, shows deposits of \$28,073,417.62, surplus and profits of \$1,652,825 and total resources of \$31,941,242.62.



Pittsburgh

—With its May 1st statement the Bank of Pittsburgh, N. A., presents the certificate of the Audit Company of Pittsburgh stating that it finds the bank "in excellent condition and a careful investigation satisfies us that your assets are carried on your books at a conservative valuation." "The oldest bank in America west of the Alleghany Mountains" shows loans and investments of \$22,760,037.66, surplus and profits of \$3,372,316.82 with capital of \$2,400,000, and deposits of \$21,839,994.73.



—For forty-four years Edward Howe has been president of the Princeton Bank of Princeton, N. J., and on the evening of May 7 the directors of the bank gave a banquet in honor of his long service. About forty guests, all old associates of Mr. Howe, were present. Hon. Bayard Stockton was toastmaster, and during the dinner presented to Mr. Howe a loving-cup, with suitable inscription, followed by the names of the directors, who are: Henry E. Hale, M. Taylor Pyne, R. M. Anderson, E. L. Howe, W. H. Powell, A. D. Russell, Bayard Stockton, Fisher Howe 2d, George A. Armour, William P. Armstrong, Charles Scribner, C. W. McAlpin and Lloyd W. Grover.

Resources

\$10,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



Try our Service

and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier



Planters National Bank

RICHMOND, VIRGINIA

Capital - - \$300,000

Surplus & Profits \$1,584,000

Total Resources \$8,000,000

JAMES N. BOYD
President

J. J. MONTAGUE
Vice-President

RICHARD H. SMITH
Vice-President and Cashier

R. LATIMER GORDON
Assistant Cashier

CONWAY H. GORDON
Assistant Cashier

D. V. MORTON
Assistant Cashier



**Unsurpassed Facilities for
collecting Items on Vir-
ginia and the Carolinas**

Dr. Francis L. Patton, ex-president of Princeton University, and Professor William M. Sloan of Columbia University, the speakers at the dinner, paid high compliment to Mr. Howe as citizen and banker.

Among the guests were Major General Hugh Lenox Scott, chief of staff, U. S. A., who came from Washington especially to attend this dinner; John A. Campbell, president of the Trenton Banking Company; Henry W. Green, of Trenton, trustee of the university; Howard Russell Butler, Colonel William Libbey, Professor Allan Marquand, Brigadier General Alfred A. Woodhull, Dr. Alfred B. Baker, rector emeritus of Trinity Church; Rev. Sylvester W. Beach, pastor of the First Presbyterian Church; James W. Alexander, all of Princeton, and Archibald A. Welch, of Hartford, Conn.

—The new First National Bank building at Syracuse, N. Y., was occupied by the bank on May 9. The honor of making the first deposit in the new bank was given to Janice H. Smith, one and one-half years old, and a great grand-daughter of Charles W. Snow, chairman of the board of directors.

—New Jersey bankers held their annual convention at Atlantic City May 14 and 15. Ex-Congressman Charles N. Fowler made a strong attack upon the Federal Reserve Act. Officers were elected as follows: President, Edward S. Pierson, Jersey City; vice-president, John D. Everett, of Orange; treasurer, William Chambers, of Vineland; executive committee, one year, Elwood S. Bartlett, Atlantic City; three years, Theodore B. Davies, Blairstown; William F. Stadler, Trenton, and Joseph Howe, of Montclair.

—At the annual meeting of the Washington Chapter, American Institute of Banking, held May 13. Harry W. Haynes of the Riggs National Bank was chosen president, succeeding W. W. Spaid.

Mr. Haynes has been a member of

the chapter for many years, prominent in its work and serving on all important committees.

In 1912-13 the Washington Chapter advanced his claims to recognition by the American Institute of Banking, and he was elected vice-president at the annual convention held in 1912 at Salt Lake City.

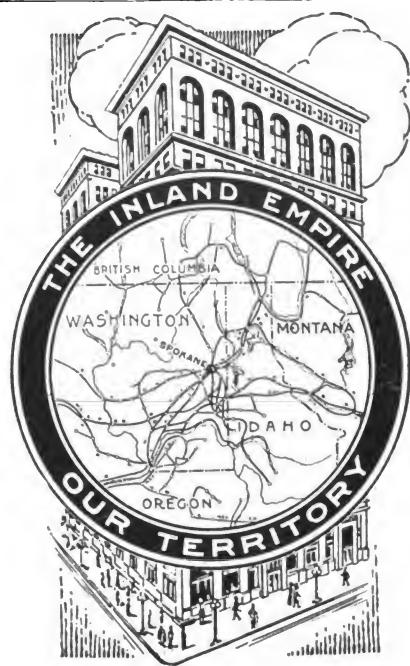
During his term of office he served as chairman of the committee that selected Richmond as the convention city in 1913.

The other officers elected were: H. W. Ireland, Home Savings Bank; vice-president; T. J. Moore, National Metropolitan Bank, secretary; C. T. Beaumet, Riggs National Bank, treasurer; P. A. Brunger, McLachlen Banking Corporation, assistant secretary, and G. E. Flather, Union Trust Company, chief consul.

—Bergen County (N. J.) bankers have taken preliminary steps for the formation of an organization for mutual benefit.

—National bankers of Orange County, N. Y., have taken preliminary steps for forming an organization. James H. Dickey, president of the Quassaick National Bank, Newburgh, was made temporary president, and Walter L. Benedict, cashier of the First National Bank, Middletown, secretary. It is expected the State banks will also be included in the organization.

—Officers for the ensuing year and three delegates to the national convention that will be held this summer in San Francisco were elected at the recent meeting of Scranton Chapter, American Institute of Banking. Following are the new officers: President, George F. Schautz, of the Lackawanna Trust Company; vice-president, John W. Linen, First National Bank; secretary, Seth D. Speck, Scranton Savings and Dime Bank, and treasurer, Walter DeWilde, of the Union National Bank. Leo Hagerty, of the Anthracite Trust Company; John W. Linen, First National



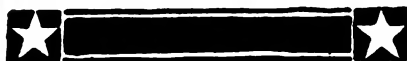
The Old National Bank of Spokane

WITH direct connections in every banking point throughout the "Inland Empire"—a region three times the size of Alabama, of which Spokane is the financial and railroad center—The Old National has the facilities to collect your Pacific Northwest items with exceptional economy and dispatch.

OFFICERS

D. W. TWOHY, President
T. J. HUMBERD, Vice-President
W. D. VINCENT, Vice-President
J. A. YEOMANS, Cashier
W. J. SMITHSON
G. H. GREENWOOD J. W. BRADLEY
Assistant Cashier

RESOURCES : \$13,000,000



FIRST NATIONAL BANK TRUST & SAVINGS CO.

CLEVELAND, OHIO

Capital \$3,750,000.00

Deposits \$45,500,000.00

Resources over \$53,200,000.00

Our institutions offer complete banking and trust company facilities.

Our officers and directors are all successful men—well known for their experience, judgment and integrity.

Their interest in these banks extends to all who deal with them.

Large resources, perfect banking organization and equipment, and a genuine desire to be helpful are at your service.

Bank, and J. J. Gallagher, of the Peckville National Bank, were the successful candidates for delegates to the San Francisco convention.



NEW ENGLAND

Boston

—One thousand bank men gathered in Convention Hall on the evening of May 19 for the 31st annual meeting of the Bank Officers' Association, for the election of officers of the organization for the coming year, a report on fiscal business, and an informal entertainment.

Waldo F. Glidden of the American Trust Company took over the president's chair, succeeding Arthur Y. Mitchell of the Old Colony Trust Company. Just previous to the unanimous election of the year's officials, an amendment was voted which opened the membership of the Bank Officers' Association to the employees of the Boston Federal Reserve Bank.

The figures of the treasurer's report showed a balance on hand in the organization of \$9,512.09 and a permanent fund with the trustees of \$112,140.62.

Officers elected besides President Glidden included: Vice-presidents, Norman I. Adams, National Shawmut Bank; Arthur O. Yeames, Suffolk Savings Bank; directors for two years,

Raymond Merrill, New England Trust Company; Eugene W. Owen, First National Bank; trustee for three years, Frederic W. Rugg, National Rockland Bank; treasurer, Robert E. Hill, Webster and Atlas National Bank; secretary, Edwin A. Stone, Franklin Savings Bank; auditor for three years, Clarence T. Bruce, Warren Institution for Savings.

—About 250 members of Boston Chapter of the American Institute of Banking held their annual meeting and dinner at the City Club on the evening of May 12. Officers for next year were elected as follows: Robert B. Locke, Old Colony Trust Company, president; John W. Marno, National Union Bank, 1st vice-president; Clarence A. Rathbone, Merchants National Bank, 2nd vice-president; Charles W. Stevens, Old Colony Trust Company, secretary-treasurer; Walter B. Davis, National Shawmut Bank; Earl P. Perkins, Federal Reserve Bank; Edward B. Staples, First National Bank; Robert W. Curn, Commonwealth Trust Company, and William T. Salter, Merchants National Bank, Board of Governors for three years.

Retiring President Frank W. Bryant was presented with a silver gavel by President Locke. He was also presented with a magnificent electric lamp by several members of the institute who had worked with him on chapter committees.



On May 1st, 1915, the Mitchell Vance Company became a part of Johns-Manville Lighting Service

Under this arrangement, the Mitchell Vance Company will devote its entire effort to the development, design and manufacture of lighting equipment, while the marketing of this product will be solely in the hands of the H. W. Johns-Manville Company through its country-wide service-sales organization.

The real significance of this arrangement reaches further in the combined efforts of these two companies for it establishes under one guidance three great divisions of lighting effort—

For Highly Specialized and Localized Illumination the well-known Frink & J.-M Linolite Systems of Lighting.

In esthetic and commercial lighting the Mitchell Vance product, which for fifty years has figured in the lighting of America's representative buildings.

Linked with this the professional cooperation and installation service of the Johns-Manville Company through its Lighting specialists and Construction Departments throughout the United States and Canada.

This then is the new Johns-Manville Service, the most complete professional and mechanical cooperation offered the banker in the lighting field.

Both parties to this arrangement voice their sincere appreciation for the confidence which you have placed in them separately and invite the earliest opportunity to show that the combined service is thoroughly capable to assume entire responsibility for your lighting problems.

H. W. JOHNS-MANVILLE CO., Est. 1858
THE MITCHELL VANCE CO., Est. 1854

Show rooms after May 15th, No. 294 Madison Ave., Near 41st Street.
Adjoining the H. W. Johns-Manville Building.

H. W. Johns-Manville Co.

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Dallas
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Houston
Indianapolis
Kansas City
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Louisville
Memphis
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New York
Omaha
Philadelphia
Pittsburgh
Portland
Rochester
St. Louis
St. Paul

Salt Lake City
San Francisco
Seattle
Syracuse
Toledo
Washington
Wilkes-Barre
Youngstown

THE CANADIAN H. W. JOHNS-MANVILLE CO., LIMITED

3147

Toronto

Montreal

Winnipeg

Vancouver

Thomas P. Beal, Jr., vice-president of the Second National Bank, distributed the prizes given by Benjamin Joy, vice-president and cashier of the National Shawmut Bank, for the best essays on subjects selected by the educational committee.

The first prize was won by P. Vernon Ingalls, Appleton National Bank, Lowell. The subject was "How Can a Man Best Utilize His Time Outside of Regular Working Hours?" Second prize was won by Philip E. Bessom, Manufacturers National Bank, Lynn, subject, "Value of Bank Advertising." The third prize went to John Coulson, Jr., Old Colony Trust Company, subject, "Efficiency Methods for Banks." Honorable mention was given to Arthur O. Yeames, Suffolk Savings Bank, for his thesis on "Value of A. I. B. Educational Courses to Bank Men and to Banks."

The annual adding machine contest for a silver loving-cup and \$10 prize was won by Paul H. Hartford, Union National Bank, Lowell. Second prize was won by E. H. Darling, First National Bank, Boston.



Providence

—H. Howard Pepper of the Industrial Trust Company, Providence, was re-elected president of the Bank Clerks' Mutual Benefit Association of that city at the recent forty-fourth annual meeting. The other officers elected were: Vice-president, Edward A. Havens, Mechanics National Bank; secretary, Harry W. Simmons, Rhode Island Hospital Trust Company; treasurer, Charles P. Brown, Blackstone Canal National Bank.

—Speaking at a dinner of the Providence Rotary Club on the evening of May 11, Elmer F. Seabury, auditor of the Industrial Trust Company of Providence, had the following good word for the trust company as a form of financial organization:

"The trust company is in my opinion the ideal form of banking institution. The trust company offers a broader field to the depositor, it furnishes him with many advantages over other forms of banks and can serve in the capacity of executor, administrator and trustee of estates."

Mr. Seabury then gave a careful explanation of the work of the several departments of a trust company.



—Nathan D. Prince has recently been elected vice-president of the Connecticut Trust and Safe Deposit Company of Hartford and will take charge of the banking department. Mr. Prince has been associated with the Windham County National Bank of Danielson,



NATHAN D. PRINCE

Conn., as cashier since 1903, of which institution he was also vice-president, and is also treasurer of the Killingly Trust Company of that place. Mr. Prince is the president of the Connecticut State Bankers Association and is widely known among the banking interests of the State.

—Charles E. Hoyt of South Norwalk, secretary of the Connecticut

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$950,000

Bankers' Association, announces that among the speakers at the joint convention of the New England Bankers' Associations, to be held in the Hotel Griswold, New London, on June 18 and 19, will be Hon. Marcus H. Holcomb, Governor of Connecticut; Hon. William H. Taft of New Haven, ex-president of the United States; William A. Law of Philadelphia, president of the American Bankers' Association; F. A. Delano and W. P. G. Harding, members of the Federal Reserve Board.



F. E. STORER

CASHIER WINDHAM COUNTY NATIONAL BANK,
DANIELSON, CONN.

—Francis E. Storer, who has recently been made cashier of the Windham County National Bank of Danielson,

Conn., comes from the National Shawmut Bank of Boston, where he was at the head of the analysis department. He succeeds as cashier Nathan D. Prince, who has become vice-president of the Connecticut Trust & Safe Deposit Co. of Hartford.

—From the Sanford (Me.) "Tribune" it is learned that the new building of the Sanford National Bank, opened April 22, is "second to none" in the State, or in fact to any this side of Boston. Besides having completely equipped modern banking rooms, the new building has two of the latest type of vaults.

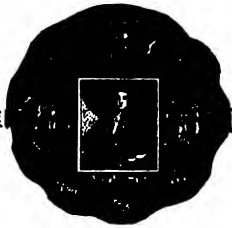
—J. K. Bissland was recently appointed chief clerk in the office of the Connecticut State Bank Commission. After July 1, under a new law, Mr. Bissland becomes Deputy State Bank Commissioner.

—The City Bank and Trust Company, Hartford, has bought from the Phoenix Insurance Company the lease of the quarters recently occupied by the Charter Oak National Bank in the Foster Building at the corner of Asylum and Trumbull streets. The building, which was bought for approximately \$350,000, consists of four stories, the upper three being office rooms and the ground floor being taken up by two retail establishments and the banking quarters of the Charter Oak. This bank sold out to the Phoenix Bank recently, turning over as part of its assets a four years' lease which expires April 1, 1919. In order to make it possible for the City Bank to make use of the quarters for its future home before the lease expires the Phoenix Bank agreed to cancel its lease.

The purchase will make it possible

1870

1915



Capital, \$1,000,000

Surplus, \$600,000

Located at the "Gateway of the South"

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Richmond, Virginia

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National State and City Bank

WM. H. PALMER, President

JOHN S. ELLETT, Vice-President
J. W. SINTON, Vice-PresidentWM. M. HILL, Vice-President
JULIEN H. HILL, Cashier

for the City Bank to move to its future home as soon as its present lease on the building it now occupies, at the corner of Main and Asylum streets, terminates. This will be on May 1, 1917, and on this date the City Bank will begin business in the old Charter Oak quarters.

—Frank E. Soule of New Milford has been appointed an examiner in the Connecticut State Banking Department. Mr. Soule has had large experience in audit work and is considered one of the leading expert accountants in the State. W. H. Edwards of Middletown, the former special examiner, and the entire clerical force of the department have been retained by the present commissioner.



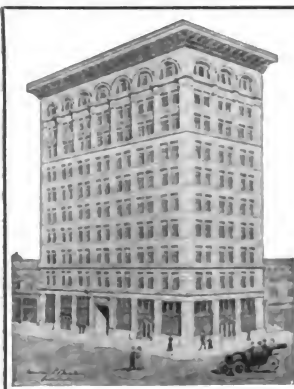
SOUTHERN STATES

—To commemorate its twenty-fifth anniversary the American National Bank, Austin, Texas, has issued

an interesting and handsomely-printed and illustrated booklet entitled "Austin—Yesterday and To-day." It



AMERICAN NATIONAL BANK, AUSTIN, TEXAS



The American National Bank

SAN DIEGO, CAL.

Capital \$200,000.00
 Surplus and Undivided Profits 185,000.00
 Total Resources 2,300,000.00

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C. L. WILLIAMS, 1st Vice-Pres.

L. J. RICE, Cashier

I. ISAAC IRWIN, 2nd V-Pres.

T. C. HAMMOND, Asst. Cash.

A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

contains a great deal about the city of Austin, past and present, and incidentally much information concerning the romantic and stirring history of the Republic of Texas.

The American National Bank of Austin, which has just celebrated its twenty-fifth anniversary, has grown to be one of the very successful banks of Texas, having more than 10,000 depositors, and deposits of over \$4,000,000. The capital is \$300,000, surplus and profits about \$700,000, and total resources nearly \$6,000,000. Major Geo. W. Littlefield is president; H. A. Wroe, R. C. Roberdean and T. H. Davis, vice-presidents; L. J. Schneider is cashier; H. Pfafflin and Carl T. Widen, assistant cashiers.

—On May 1 the Citizens National Bank of Raleigh, N. C., reported deposits of \$1,356,108.64; surplus, \$75,000; undivided profits, \$16,171.10; total resources, \$2,149,279.74.

—Secretary Walker Scott of the Virginia Bankers Association, has sent out the programmes for the annual convention, to be held at the Hotel Chamberlin, Old Point Comfort, June 17, 18 and 19. With a number of practical topics, assigned to able speakers, and a series of delightful entertainments, the convention this year promises its usual great success and popularity with the members.

—The First National Bank, Lexington, Va., B. E. Vaughan, president, now has its new home under construction. The external design is based upon the best Italian architecture and is worked up in brick, terra cotta and with a certain amount of local granite. This bank has recently purchased the thickest laminated steel door for its vault in either of the Virginias and Carolinas.



FIRST NATIONAL BANK, LEXINGTON, VIRGINIA.

This door being of fifteen-inch solid steel, with all the proper accompanying equipments.

The marble counter screen, the interior vault covering and wainscoting will be of specially imported Old Convent Fleury marble. The furniture and equipment are all being made of metal and the construction of the building is being carried out in the latest manner. The architect for this work is Alfred G. Bossom of New York.

—The Atlantic National Bank, Jacksonville, Fla., absorbed the State Bank of Florida on May 8. The State Bank of Florida was started as a partnership in 1884, incorporating in 1895. Its statement of May 1 last showed: Capital, \$72,200; surplus, \$60,000; undivided profits, \$13,939; deposits, \$964,283.

On the same date the statement of the Atlantic National Bank showed: Capital, \$350,000; surplus, \$650,000; undivided profits, \$247,460; deposits, \$7,128,052.

Since the consolidation, therefore, deposits of the Atlantic National Bank will exceed \$8,000,000.

The Atlantic National Bank was organized August 1, 1903, at which time it purchased the business of the National Bank of the State of Florida.

As a result of the recent merger several new names have been added to the board of the Atlantic National Bank, and there have been some changes in the officers, the complete list of present officers following:

President, Edward W. Lane; vice-presidents, Fred W. Hoyt, Thomas P. Denham, W. C. Croom and D. D. Upchurch; cashier, D. K. Catherwood; assistant cashiers, W. I. Coleman, E. T. Schenck, J. Mitchell Quincey and Clifford W. Wandell.

President Lane has built the Atlantic National Bank up to a very strong position, as shown by the figures already given, and in the absorption of the State Bank of Florida, the prestige of his institution is still further increased.

—The Merchants Bank and Trust Company, Jackson, Miss., has a surplus of \$50,000 and \$13,472 undivided profits in addition to its capital of \$250,000. Deposits on April 17 were \$1,100,161. They are guaranteed by the bank depositors guaranty fund of the State of Mississippi.

—An exceptionally strong statement was made by the Union National Bank of Houston, Tex., on May 1, in response to the comptroller's call. It

showed: Capital, \$1,000,000; surplus and profits, \$443,277; deposits, \$6,393,237. Total resources, \$8,262,258.

The management of this bank, headed by President J. S. Rice, has demonstrated its efficiency in the growth made by the bank and the satisfactory returns to shareholders, while adding



UNION NATIONAL BANK, HOUSTON, TEXAS

steadily to the strength of the institution by the accumulation of a large surplus fund. A complete list of the officers follow:

President, J. S. Rice; vice-presidents, T. C. Dunn, Geo. Hamman, W. T. Carter, Jesse H. Jones, Abe M. Levy, C. G. Pillot and J. M. Rockwell; cashier, DeWitt C. Dunn; assistant cashiers, D. W. Cooley and H. B. Finch.

—The Tennessee Bankers Association, which is twenty-five years old, held its annual convention at Nashville this year. Oscar Wells, president of the First National Bank of Birmingham, and former Governor of the Federal Reserve Bank of Dallas, was one of the principal speakers. These officers were elected: Samuel T. Jones of Sweetwa-

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ter, president; A. B. Crouch of Johnson City, vice-president for Eastern Tennessee; Embry Kimbrough of Clarks-ville, vice-president for Middle Tennessee; W. T. Williamson of Mason, vice-president for West Tennessee; C. E. Taylor of Ducktown, treasurer; A. R. Dodson of Humboldt, chairman of the executive council; J. T. Price of Monterey, member of the executive council for one year; R. E. Mooney of Knoxville, N. P. Lesueur of Nashville and J. C. Doyle of Dyersburg, members of council for three years.

—Discussion of the Federal Reserve Act by Dr. P. H. Saunders, and of "Diversified Farming," by Dr. Bradford Knapp, engaged a prominent share of attention at the recent annual convention of the Louisiana State Bankers Association at New Orleans. L. M. Pool, vice-president of the Hibernia Bank and Trust Company, New Orleans, was elected president; J. W. Bolton, president of the Rapides Bank, Alexandria, was elected vice-president; L. O. Broussard was re-elected secretary, A. T. Kahn, treasurer, and J. H. Fulton, chairman of the executive council.

—The annual convention of the Mississippi Bankers Association, held at Jackson May 4 and 5, was of rather unusual interest because of the discussion of the new State guaranty law by J. S. Love, member of the board of bank examiners for the second district. In the course of his address he said:

"After one year of optional guarantee, or one year of grace before the banks are compelled by law to accept the provisions of this act, there have not only been no failures of guaranteed banks, but there is now deposited with the State Treasurer bonds amounting to \$177,000 and fees collected and credited to the depositors' guaranty fund amounting to \$9,500, which fund is to be used by the examiners, if necessary, to pay the depositors of any guaranteed bank which may fail.

"The banking law has done much toward restoring confidence in banks and bankers of the State. One prominent banker said to me not long ago that he shuddered to think, in the face of prevailing conditions, what might have been the status of the banks of Mississippi had not this law been passed and had not the provisions of the same been enforced by the examiners, who knew their duty and were fearless in executing it. As I see it now, the people of the State have confidence in the banks and are willing to entrust their funds to them without any uneasiness. The credit of Mississippi banks with their correspondents in the money centers has improved, and now they enjoy more confidence and are able to secure more accommodations from these sources.

"Just a year ago the board of bank examiners said to your bankers that, as they saw it, the law was written with a view to helping the banking interests; not to tear down, but to build up, and we promised to work to that end. We

leave it to you whether we have kept the faith and have made good our promise. A year ago State bank examiners were an unknown quantity. After a year spent in mingling with you, you know us. We are no longer to be feared. In most instances we are welcomed, because we have been able to help and not to hinder."

Election of officers of the association resulted as follows: President, S. J. High of Tupelo; vice-president, J. A. Bandi of Gulfport; treasurer, E. P. Peacock of Clarksdale; executive committee, J. C. McFarlane of Aberdeen; W. B. Kretchmar of Greenville; L. N. Ellis of Hazlehurst. District vice-presidents, first, W. T. Winston, Cleveland; fourth, V. R. Patterson, Grenada; fifth, M. G. McNair, Lauderdale; sixth, H. C. Herring, Pascagoula; seventh, S. C. Bull, Brookhaven; eighth, H. D. Priestley of Vicksburg. Next year's convention will be held at Laurel.

—Recently the members of Dallas Chapter, American Institute of Banking, met and elected delegates to the annual convention at San Francisco as follows: A. T. Darr, T. L. England, R. R. Roberts and W. E. Peavey.

The following officers were chosen: President, J. Barney Davis; vice-president, I. B. Stitt; treasurer, H. G. Burlew; secretary, R. B. Maddox; executive councilmen, F. E. Borden, Hayes Bassett, Taylor Jones, T. L. England, J. O. Humphreys, Herbert Watson, H. D. Mahaffey, F. L. McCoy, J. H. Bussey and Cullen Cooper.

—The ground floor of the Hutchings-Sealy Bank Building, Galveston, Texas, is to be remodeled throughout, giving the bank use of the offices formerly occupied by the Galveston Wharf Company. The whole of the interior is to be richly finished, the total cost being estimated at \$15,000.

—The Lynchburg National Bank, located at Ninth and Main streets, Lynchburg, Va., has let the contracts for its new banking house, which will probably be completed in October next. The architect is Alfred C. Bosson of New York. The building will be of granite and will be equipped with a massive circular-door steel vault. The appointments of the new banking house will be up to date in every particular.



PROPOSED BUILDING OF THE LYNCHBURG NATIONAL BANK, LYNCHBURG, VA.

—The Cumberland Valley National Bank of Nashville, Tenn., which has been rapidly forging to the front among the leading banks of the South, has added a department of publicity to its banking business and like other great banks of the country is going to advertise its resources.

N. Baxter Jackson has been named to fill this new position, and the Cumberland Valley believes this department will become a most valuable part of the bank—valuable alike to the banks for acquainting the public with opportunities and of value in enlarging its business.

—Thursday, Friday and Saturday, June 17, 18 and 19, have been fixed upon as the time for the annual convention of the North Carolina Bankers Association, to be held at the Seashore Hotel, Wrightsville Beach. The date was announced by Thomas E. Cooper of Wilmington, president of the association.

The convention, according to the present plans, will wind up Saturday morning, June 19, and the delegates will leave the beach and go to Wilmington, where at 2 o'clock they will board a Clyde Line steamer for New York, where they will spend a week, returning by steamer the following Sunday, except those whose business affairs will not allow them this much time to be away.

The ocean voyage is a new feature in connection with the bankers' convention, and one that promises to make the forthcoming meeting one of the most notable in the history of the association.

—Coleman Simpson of the National Bank of Kentucky, was elected president of the Louisville Chapter of the American Institute of Banking at the annual election of officers, held May 13 in the lecture room in the Louisville Trust Building.

Other officers chosen are: Vice-president, Lee Early, Southern National Bank; secretary, A. B. Frese, German Security Bank; treasurer, Walter Bor-

gerding, National Bank of Kentucky; chairman membership committee, Embury L. Myers, Kentucky Title Company; executive committee, Joseph H. Mershon, W. C. Borgerding and Thomas Green. Henry Treitz was made chairman of the entertainment committee, and John J. Wickstead, chairman of the publicity committee.

Delegates-at-large to the annual convention at San Francisco, Joseph H. Mershon, Eugene W. Walker and Stanley Maghee.

—The Louisville Clearing-House Association, which has been for many years in quarters adjoining the National Bank of Kentucky, is now located in the American National Bank Building at Third and Main streets.

—At the annual convention of the Arkansas Bankers Association, which came to an end in Little Rock, April 23, H. A. Woodward, principal of the Wynne High School, made a talk on "The School Savings Bank."

Mr. Woodward said that if every school child in Arkansas had as much money in the bank as those in his school the amount would be sufficient to pay off the bonded indebtedness of the State and leave a surplus of \$300,000. He gave the figures as contained in the school bank statement up to April 22 as follows:

RESOURCES.

Loans and discounts.....	\$1,030.55
Cash on hand.....	183.94
Furniture and fixtures.....	95.55
Total	\$1,310.04

LIABILITIES.

Deposits	\$780.35
Capital stock	300.00
Surplus	229.69
Total	\$1,310.04

The bank was conducted on the same system as a commercial bank and the rules of the State Banking Department were strictly observed. The money loaned was on real estate mortgages and no loans were made without being

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passed on by the board of directors. Interest at four per cent. was paid to all having one dollar or more on deposit and six per cent. per annum was paid to stockholders. Shares were \$5 and no one is allowed to own more than two shares. The undivided surplus of \$229.69 had been accumulated after paying interest on deposits and six per cent. to stockholders.

Mr. Woodward said there is no use delaying until the student had graduated before beginning to teach him habits of economy and thrift, but that it should be started in the First grade. He told of the feeling of self-respect, confidence and independence a bank account instills in a boy. With an enrollment of 500 in his school, ninety per cent. are depositors in the school bank, he said. The first of the by-laws is: "We propose to own money and not let money own us." The opposition to the plan on the ground that it commercializes the boys and teaches them to place money above all things, he met by saying that a minister who had opposed the plan on that ground changed his mind when, after a talk on missionary work, six of the boys had given him checks on the school bank for the cause. The boys are taught not to spend money foolishly on harmful sweets, but are taught not to be niggardly in spending money for useful and worthy things.

The following officers were elected by the Arkansas Bankers Association: President, B. C. Powell, Camden; vice-president, C. S. Fitzpatrick, Helena;

treasurer, Charles M. Greene, Harrison; members of executive council, Vergil Pettie, Jonesboro; W. N. Dunaway, Newport; delegates to American Bankers Association convention, Joe Frauenthal, Conway; J. M. Barker, Atkins; Gordon N. Peay, Little Rock; Vergil Pettie, Jonesboro; alternates, A. S. Dows, Fort Smith; E. A. Robbins, Searcy; D. W. Peel, Bentonville; Geo. A. Knox, Monticello; Albert Rowell, El Dorado.

—Some fifty bankers from York, Chester, Union, Cherokee and Spartanburg counties, members of Group Three of the South Carolina State Bankers Association, held their annual meeting at Rock Hill April 27.

The bankers were welcomed to Rock Hill by Mayor J. C. Hardin, J. R. Dye of Chester making the response.

The first speaker was William Ingle, chairman of the board of the Federal Reserve Bank at Richmond and Federal Reserve Agent.

Mr. Ingle went into the reserve system quite thoroughly. He said that criticisms of the system could be credited almost wholly to two sources. One is from those who seek to stir up a certain disfavor among the moneyed interests, and the other comes from those who need aid, but regard the system as a Government bureau and are afraid to become entangled with the rigid rules enforced by the directors in charge.

Mr. Ingle stated that before the Reserve banks were opened money was



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ST. LOUIS

Capital, Surplus and Profits over . . . \$8,000,000

six per cent. and hard to get even at that price. Immediately after the opening in November money began to get easier and became more plentiful and at a lower rate.

Addresses were also made by E. B. Gunter of Wagner and J. W. Simpson of Spartanburg, both speeches being heard with interest by the bankers assembled.

The business session was then held and the following officers elected: Chairman, Ira B. Dunlap of Rock Hill; vice-chairman, R. B. Caldwell of Chester; secretary, C. M. Smith of Gaffney; executive committee, C. M. Smith, Cherokee; W. B. Meacham, York; C. M. McWhirter, Union; T. H. White, Chester; L. D. Fowler, Spartanburg.

The session ended at 2 o'clock and at 2.15 a banquet was served in the Carolina Hotel, the local bankers being the hosts. After the dinner an auto ride about town, a visit to Winthrop and a fish fry at India Hook, brought the meeting to an end.

Chester was unanimously selected as the next place of meeting.

—The Birmingham Trust and Savings Company of Birmingham, Ala., records in its latest statement total deposits of \$5,453,667.01, with total resources of \$6,918,862.15.



WESTERN STATES

St. Louis

—The Mississippi Valley Trust Company of St. Louis has taken jointly with

the Hibernia Bank and Trust Company of New Orleans the entire issue of \$350,000 of the bonds of the Cotton Belt Levee District No. 1 of Phillips County, Ark. The bonds bear interest at six per cent. and will be offered to the public shortly by the two institutions.



Cleveland

—The First National Bank of Cleveland shows deposits May 1 of \$39,292,616.72 and comments: "To be a business friend is part of the service of the modern bank. Note the large deposits, showing the people's appreciation of our service and confidence in our strength." Its allied institution, the First Trust and Savings Company, had deposits on the same date of \$10,946,276.14.

—The Union National Bank of Cleveland reports in its statement of May 1 total deposits of \$14,907,729.59, with total resources of \$19,003,729.59. The bank announces that work on the foundations of its new building is proceeding satisfactorily and the erection of the great superstructure will soon begin.



Chicago

—Deposits of the national and state banks of Chicago are around the high mark with a total of \$1,052,380,565 as shown by the reports made public on

May 4 of twenty national and eighty-three state banks, or a total of 103 institutions. This is a gain of about \$20,000,000, or two per cent. in the last two months. Of this amount the nationals increased \$15,742,441 and the state banks \$5,541,371. The increase by the nationals may be largely credited to easy money conditions throughout the Middle West, although the figures were influenced temporarily by the deposits resulting from the collection of taxes.

The volume of loans shows a fair increase, being 1.8 per cent. compared with the last previously available figures. In cash resources the combined figures of the banks show little change, less than one-half of one per cent. The gain in dollars was only \$1,267,518.

Within the last three months the position of the banks has been almost stationary. Money has ruled cheap at unchanged quotations, with the going rate for commercial paper at a minimum of $3\frac{1}{2}$ per cent. and collateral loans at four per cent.

The deposits of the Continental and Commercial National were on the date of the call, May 1, the highest in the history of the bank at \$210,626,525. The First National was well near its top record at over \$124,000,000.

—The Atlas Exchange National Bank is being organized with \$200,000 capital and \$30,000 paid-in surplus. It will be located at Harrison, Halsted and Blue Island avenue, and will begin business about June 1.



St. Paul

—The Merchants National Bank Building, St. Paul's and the Northwest's most modern bank and office structure, Fourth and Robert streets, is now practically completed.

Many office suites are already finished and occupied, while finishing touches are being put on many others.

It is expected that the new building will be entirely completed by June 15.

The new building, which is sixteen stories high, with basement and sub-basement, will cost, complete, approximately \$1,500,000. It has a frontage of 100 feet on Robert street and 155 feet on East Fourth street, with an annex, 25x50 feet, in the rear.

The bank will occupy the second and third floors, while the vaults will be in the basement.

—The People's Bank of St. Paul, organized ten months ago by Kelsey Chase, will double the size of its quarters at Sixth and Wabasha streets as soon as arrangements can be made for refinishing the new space.

President Chase, who was formerly bank superintendent of the State of Minnesota, announces that the bank's increasing business calls for this addition.



Detroit

—The People's State Bank reported on May 1 deposits of \$46,391,044.62. Capital is \$2,000,000, surplus \$2,000,000, and undivided profits, \$1,204,633. Total resources are \$51,596,769.

—The Wayne County and Home Savings Bank will establish a new branch, making the fifteenth to be maintained by this institution.



—The Vincennes (Ind.) State Bank recently moved into new quarters in the Farrell Building on Main street, the first floor of which was specially constructed for banking purposes.

—The recent statement of the Platte Valley State Bank of North Platte, Neb., indicates a prosperous condition with deposits of \$190,000 and total resources of \$244,422.86.

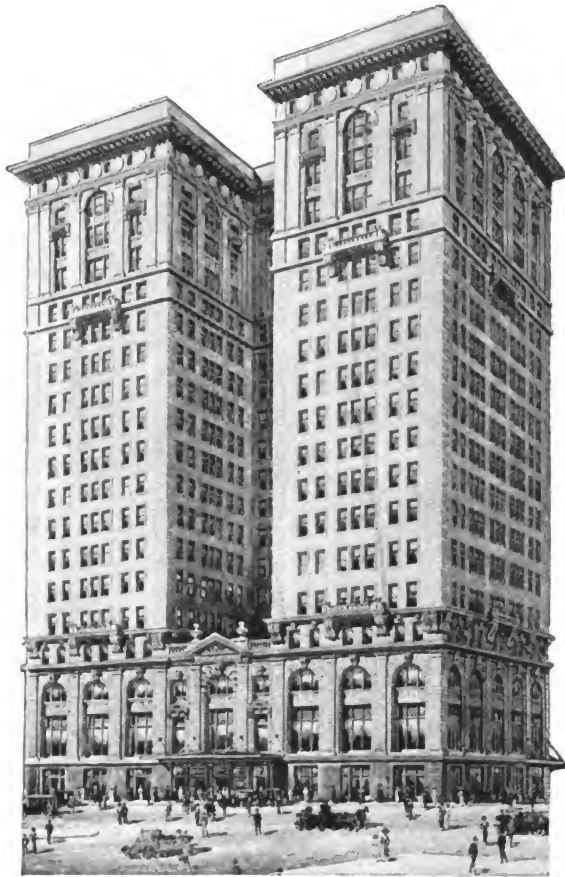
—Kansas has two bankers associations—the Kansas Bankers Association and the Kansas State Bankers Association.

MINNEAPOLIS

First and Security National Bank

Resources \$60,000,000

A Strong Consolidation under Wise Administration



HOME OF THE FIRST AND SECURITY NATIONAL BANK, MINNEAPOLIS

**Your business on Minneapolis and the Northwest will be
welcomed and will receive prompt and intelligent service**

tion, but it is reported that they contemplate a merger. The annual convention of the Kansas State Bankers Association concluded its sessions at Wichita on April 22, electing these officers: Walter E. Wilson, president; J. L. Raines of Perry, 1st vice-president; T. J. Sweeney of Lawrence, 2nd vice-president; Will Wayman, Emporia, secretary; Miss Anna M. Haldeman, Girard, assistant secretary, and George W. Robinson, Wichita, treasurer.

After some discussion, in which Breckinridge Jones, president of the Mississippi Valley Trust Company, St. Louis, took a prominent part, it was decided to take action looking to the amendment of the Federal Reserve Act so as to make it more favorable to State banks.

—Bankers of group three of the Nebraska State Bankers Association in session at Randolph recently, elected Wood Cones of Pierce, president; L. B. Taswalk of Norfolk, vice-president, and decided to meet next year in Norfolk.

The guest of honor for the session was J. W. Gorby of the American Institute of Banking, Chicago. Speeches were made by President C. H. Randall of Randolph, J. W. Linkhart of Cole-ridge, C. E. Burnham of Norfolk and Messrs. J. W. Gorby and John Rush.

A banquet was served in the Methodist Church by the women of the church, at which W. D. Redmond of Wayne Normal was toastmaster. Toasts were responded to by F. O. Robinson, Hartington; J. B. Alexander, Sioux City; E. R. Gurney, Fremont; J. R. Cain, Jr., Omaha.

—Group Seven of the Indiana Bankers' Association met at Seymour May 13 with 150 members present, the meeting being the largest ever held in the district. Seymour bankers had charge of arrangements and made everything pleasant for the visiting bankers. J. H. Andrews, cashier of the First National Bank of Seymour, presided and the address of welcome was made by Mayor Ross.

The principal address was made by

W. McM. Martin, chairman of the board of the Federal Reserve Bank at St. Louis, Mo. "Practical Working of the Federal Reserve Bank" was his subject and he explained the new banking system in a manner that was interesting and helpful to the bankers present.

He explained the advantages of the discount system and showed how the country banks would profit by the new system and how the needs of the merchants and manufacturers could be met more promptly than under the old system.

John W. McArdle of Indianapolis made an address on taxation. He asserted that the banks and railroads paid more than their share of taxes and declared for a rational method of assessment. He said Indiana must have a new tax law.

The new officers chosen by the group of bankers are: Chairman, V. J. Bulleit, Corydon; secretary, L. L. Persise, Salem; executive committee, H. O. Martin, Bedford; W. P. Brewer, New Albany; James O. Sanders, Birdseye; H. D. Aldridge, Vallonia, and John Hooper.

—The First National Bank at Windom, Minn., has awarded the contract for the construction of its new block adjoining the present bank building.

—In session at Duquoin, Ill., on May 6, the Randolph County Bankers' Association elected these officers: Chairman, George B. Gieser, Percy; vice-chairman, George N. Sauer, Evansville; secretary, William H. Kerr, Prairie du Rocher; treasurer, H. B. Roberts, Ellis Grove; representative to Group Nine Convention, W. R. Lessly, Sparta.

—Group Five of the Iowa Bankers' Association held its annual convention at Council Bluffs on May 6, nearly one hundred bankers being present. Chairman H. I. Foskett, vice-president of the Shenandoah National Bank, called the meeting to order, and Mayor Snyder welcomed the convention to Council Bluffs, and W. T. Shepherd, a director of the Shelby County State Bank, Harlan, responded for the bankers. Fed-

eral Reserve Banks and "good roads" were prominent topics discussed. On the latter subject D. W. Norris, of Marshalltown, said:

"The people of Pottawattamie County are now paying in county road and bridge taxes at the rate of \$5,300,000, in the next thirty years, and this does not include township road taxes. If they would do as many states are doing they could anticipate this tax with a thirty-year bond issue, sell the bonds down East, bring other people's money to Iowa, replace every wooden or iron bridge in the county with masonry and pave every mile of the county road system, pay off the debt, with interest, and maintain the pavements in good repair and still have money left out of the present county road taxes."

Council Bluffs bankers entertained the visitors with a fine luncheon at the Grant Hotel. These officers were elected: Chairman, C. T. Schenk, First National Bank of Red Oak; secretary, P. J. Cilly, Farmers' Savings Bank of Hamburg; executive committee, Theodore Laskowski, T. G. Turner, C. E. Price, of Council Bluffs; H. L. Spry, Clarinda; F. L. Van Slyke, Manila.

—Preparations are under way for a large new building for the Security National Bank of Sioux Falls, South Dakota.

—"One of the brightest and most beautiful spots in Ohio is the Delaware Savings Bank Company's new home," is the way the "Herald," Delaware, Ohio, begins its description of the new bank building recently completed and now occupied by that institution.

—Bankers are doing splendid service to the people of their respective communities in calling attention to the possibilities of improved farming methods. A good example of this was an address delivered recently before a meeting of Group Six of the Iowa Bankers' Association at Chariton, by J. L. Edwards, president of the Merchants' National Bank, Burlington. His subject was the work of the county agent, and in the course of his address, which was

of great practical interest throughout, he said:

"The farmers in the State of Iowa in 1913 lost \$33,000,000 from hog cholera alone, or 34.3 per cent of the entire crop, making a loss of \$330,000 for each county in the state. Could any other business in the State stand such a loss and keep out of the hands of the sheriff? In circular No. 3, issued by the Iowa State Agricultural College, the Clinton Commercial Club co-operating, is found the following statement:

"Eighty-one head of hogs, treated by simultaneous treatment, 73.5 were saved. Out of a herd not treated only 13.4 were saved. The credit of this simultaneous treatment must be given to the United States government and the agricultural colleges throughout the country for the discovery and for the advanced science in the work.

"On examining the oats crop in Des Moines county, we have discovered that twenty per cent was smut. The value of oats produced in the State of Iowa is, in round figures, \$50,000,000. By scientific work and treatment the government and our agricultural colleges have worked out statistics showing that they can eradicate all smut oats, meaning a saving of \$10,000,000 to the State alone.

"Iowa is so good that nearly every acre has a smile. Out of an area of 56,147 square miles, or 35,575,040 acres, 95.4 or 33,930,668 acres is in farm lands, of which 9,229,000 acres, about twenty-seven per cent, is in corn. If by scientific farming, crop rotation, good germination of seeds, etc., we could increase the yield ten bushels per acre, it would mean the vast sum of forty-five million for our producers. It has been proved by such work that they have increased ten bushels or more per acre through scientific farming. Every fifty bushels of corn absorbs fifty pounds of nitrogen, worth fifteen cents per pound, from the field's fertility store, nine and a half pounds of phosphorus at twelve cents, and eight and one-half pounds of potassium at six cents, making a total of \$9.12. This withdrawing from

the fertility of the soil would naturally reduce the value of the land unless the same is replaced by proper fertilization. Therefore, it behooves us to replace this if we wish to retain our enviable position as the ranking corn-producing State in the Union."

—Two hundred and fifty-six bankers attended the seventeenth annual meeting of Group Two, Nebraska Bankers' Association, held recently at Fremont. F. J. Kirchman of Wahoo was elected president, Dennis Killeen of Schuyler, vice-president, and H. W. Luedtke, of Creston, was named secretary-treasurer. Fremont was chosen for the meeting place next year.

—The annual dinner and election of officers of the Kansas City Chapter of the American Institute of Banking was held on the evening of April 27 at the City Club. The speakers were the Rev. Chesteen Smith, pastor of the Howard Memorial Methodist Church; C. W. Allendoerfer, assistant cashier of the First National Bank, and Brack McCarter, of the Commercial National Bank, Kansas City, Kans.

The election of officers resulted as follows: President, C. H. Cheney, First National Bank; vice-president, F. D. Sage, Traders' National Bank; secretary, F. W. Wilson, Fidelity State Bank, Kansas side; treasurer, George J. Gillman, Kansas State Bank, Kansas side; members of the executive committee, Charles W. Watson, manager of the Kansas City Clearing House; H. L. Larson of the Commercial National Bank, Kansas side, and Jerome Thralls, secretary and cashier of the Federal Reserve Bank; members of the educational committee, C. W. Allendoerfer, H. L. Larson, L. M. Pence, F. D. Sage, F. W. Wilson, W. E. Estes, George Dillon, D. W. Martin, A. W. Kennedy, W. R. Coulson.

Samuel H. Hoefer of the New England National Bank was elected as delegate to the annual meeting of the institute, to be held in San Francisco in August.

—A. J. Salentine has been elected president of the Milwaukee Chapter of the American Institute of Banking. Other officers are: Vice-president, W. A. Teipel; secretary, W. M. Metzker; treasurer, George Luscher; librarian, Carl Anderson; directors for two years, C. G. Lawler, Edwin Ormsby. The delegates chosen to represent Milwaukee at the annual convention are: C. G. Lawler, S. Quaden, A. L. Stoltz, A. N. Vick, John Ungrodt, H. A. Digman, C. D. Raney, W. A. Manegold, A. J. Salentine, A. B. Froelich, A. N. Jenson, H. H. Esser, W. O. Schimpf; alternates, C. Danneker, O. C. Weiland, C. R. Loomis, A. G. Trimmerger, H. Dueringer, William Henke, W. A. Teipel, H. Schulte.

—At the Convention of the Third Congress District Bankers' Association, held at Stillwater, Minn., May 11, these officers were chosen: Gordon S. Smith, South St. Paul, president; Walter L. Prince, Stillwater, vice-president; N. H. Olson, St. Peter, secretary-treasurer; A. W. Gilbert, Glencoe, and H. P. Hanson, Cannon Falls, members of the executive committee.

—Fargo, North Dakota, bankers and business men are making arrangements to show the large number of delegations of bankers from various parts of the United States, who will pass through the city en route to the annual convention of the American Bankers' Association at Seattle on Sept. 6 to 11, over the city. They are now engaged in inviting the delegates to arrange to stop there for a couple of hours.

Already the Wisconsin delegation has accepted the invitation and has informed the Fargo bankers that they will arrive in the morning and take breakfast in town. Arrangements have also been made to spend a couple of hours in the city during which time the Fargo bankers and business men will take them for a trip around town.

There will be three special trains from Chicago taking delegations from Illinois and other neighboring States.

One of these specials will be routed over the Northern Pacific, one over the Great Northern and one over the Milwaukee. The Northern Pacific and Great Northern specials will both pass through Fargo and arrangements are now being made to have the stop there made of sufficient length to show the bankers over the town.

—Substantial improvements have just been made in the rooms of the State Savings Bank, Council Bluffs, Iowa, additional floor space secured, and a new burglar-proof safe put in.

—At Wichita, Kansas, the Fourth National Bank is putting up a five-story fire-proof building, 500 by 140 feet.

—At the annual election of the Denver Chapter of the American Institute of Banking the following officers were elected:

President, Sever Daley, Pioneer State Bank; vice-president, Chester A. Parker, Denver National Bank; financial secretary, Walter S. Larson, First National Bank; secretary, G. F. Foley, Denver National Bank; treasurer, E. N. Clark, Colorado State and Savings Bank.

Member of the executive council of the Colorado Bankers' Association, R. M. Crane, First National Bank.

The following delegates were elected to the annual convention of the American Institute of Banking in San Francisco Aug. 18-20: William O. Bird, Colorado National Bank; Chester A. Parker, Denver National Bank; Sever Daley, Pioneer State Bank; R. C. Perkins, Central Savings Bank and Trust Company; Charles R. Patch, German American Trust Company; Stanley M. Wright, Colorado National Bank; W. H. Martin, Interstate Trust Company.

—One hundred and fifty district bankers were the guests of officers and employees of the banks of Owatonna, Minn., on May 13. The business session commenced after an address of welcome by Mayor G. G. Morehouse

Utah Savings & Trust Company Salt Lake City, Utah

General Banking—Trust—Bonding
Title Insurance—Safety Deposit Vaults

Capital . . . \$300,000
Surplus & Profits, 40,000

OFFICERS:

W. S. McCornick,	President
Anthony H. Lund,	Vice-President
Geo. Albert Smith,	Vice-President
F. M. Michelsen,	Cashier

**Facilities for thorough
Banking service.
Expedition and intelligent
handling of collections
throughout this inter-
mountain country.**

25 Years Old

and a response by President E. F. Cook of the First National Bank of Rochester. These addresses followed the invocation by Rev. C. A. Stroup of the First Congregational Church. A. S. Kennedy of the Plainview State Bank read the secretary's report and the appointment of committees for the coming year followed.

Theodore Wold, Governor of the Minneapolis Federal Reserve Bank, spoke on "Federal Reserve Banks," and J. W. Wheeler, president of the Capital Trust Company of St. Paul, on "Rural Credit Banks." Luncheon was served by the women of the First Congregational Church.

The bankers and their wives were entertained at dinner at the Hotel Owatonna, after which the men repaired to the Commercial Club rooms for a smoke session. The local entertainment committee had a large party of the visitors

The National Cattle Loan Company



NATIONAL STOCK YARDS, ILLINOIS

Capital, \$200,000.00

Sells over its endorsement loans made by responsible cattle men, secured by cattle inspected by our own representatives to banks wishing safe, short-time, liquid investments.

CORRESPONDENCE INVITED

AT THE ST. LOUIS NATIONAL STOCK YARDS

to the Farmers' National Bank building, a noted piece of architecture, for an inspection. At 9 p. m. one hundred couples enjoyed a formal dancing party at the armory, which was decorated for the occasion. During an intermission a buffet luncheon was served.

—Members of the North Dakota Southeastern District Bankers' Association held their annual convention at Fargo May 11. Professor H. R. Smith, live stock expert with the First National Bank of St. Paul, made a valuable address on "Live Stock and Live Stock Feeding."

—Ohio bankers are meeting this year at Cedar Point on June 23 and 24.

—The United States National Bank, Omaha, Nebraska, is now installed in its new building, just recently completed, and which occupies a frontage of 110 feet on Farnam street and seventy-six feet on Sixteenth. It is a most substantial and beautiful building, and in size, arrangement and equipment in all details affords every facility for the safe and convenient transaction of the bank's large business. The vault in the new building contains eight safes, twelve security chests and 2,000 safety deposit boxes.

—The May number of the "Northwestern National Bank Review," Minneapolis, contains the following about crop conditions in the Northwest:

"Advices from the northwestern

grain belt indicate that the seeding of wheat is practically completed, except in some portions of the Red River Valley, where field work has been delayed by rain. The northwestern grain growing sections have been generally visited by a bounteous rainfall within the last few days. Farm operations are well advanced and the ground is in excellent condition. A heavy wet snow fell recently in some parts of the Dakotas and Minnesota, but the temperature was not dangerously low. Our farmers have prepared to raise extra large crops to meet the expected continuance of the European demand. At the time of writing, no unfavorable reports have reached this office from any source, and conditions may be said to be extremely satisfying for this time of year."

—C. H. McNider recently reached the fortieth anniversary of his connection with the First National Bank, Mason City, Iowa, of which he is president. He began as an office boy, but gradually worked up to the cashiership, which he held for fifteen or twenty years, and upon the death of President Smith he was elected his successor. Mr. McNider is now the heaviest stockholder in the bank, which has become one of the large and prosperous banks of Iowa.

—H. A. Sharpe, cashier of the Old Citizens' National Bank, Zanesville, Ohio, is a new director of that bank, succeeding W. T. Simpson, deceased.

—It is reported that a consolidation of the Merchants' National and Illinois National Bank at Peoria has been arranged, under the title of Merchants and Illinois National Banks, and that the quarters of the Illinois National Bank will be used by the merged institutions.



PACIFIC STATES

—Merger of the First National Bank and the Exchange National Bank, Couer d'Alene, Idaho, is reported under the title of First-Exchange National Bank.

—The National Association of Supervisors of State Banks held its annual convention at the Hotel Oakland, Oakland, Cal., May 25 to 28, meeting one day in San Francisco with the California Bankers' Association.

—Utah bankers will hold their annual convention at Salt Lake City June 10 and 11.



Los Angeles

—On May 10 the Bank of Italy took possession of its new banking rooms in the Haas block at Seventh street and Broadway. On the preceding day a public reception was given. Ernesto Nathan, former mayor of Rome, and Italian representative at the Panama-Pacific Exposition, was present and made an address.

—A community trust foundation, for the purpose of handling public and charitable bequests, will be established by the Security Trust and Savings Bank, Los Angeles, on a plan similar to that of the Cleveland Trust Company and the St. Louis Union Trust Company, already fully described in these pages.

The Security Trust and Savings

Bank of Los Angeles is one of the most progressive banking institutions of the entire country, and the departure is but another evidence of its readiness to render the widest possible banking service.



Seattle

—Seattle is making complete plans for adequately entertaining the convention of the American Bankers' Association which meets in that city the week of September 6.

The local convention publicity committee, consisting of N. B. Solner, vice-president and trust officer of the Union Savings and Trust Company, chairman; M. J. Shaughnessy, vice-president of the Scandinavian American Bank; Lester R. McCash, teller of the American Savings Bank and Trust Company, is preparing a booklet, shortly to be published and mailed to each of the prospective guests, briefly descriptive of trips and journeys by land and water, which may be enjoyed by the visitors according to the time at their disposal. Outline maps of Seattle and the Sound country accompany each booklet, and offer a convenient means of deciding where one may spend his time out of doors.

—Seattle Chapter, American Institute of Banking, now occupies its new rooms on the fourteenth floor of the Alaska building. As the purposes of the institute are educational, the Seattle Clearing-House Association gives the new quarters rent free. Already the chapter is formulating plans for next winter's work. G. E. Maine, of the Dexter Horton Trust and Savings Bank, the new president, in a discussion of the preparations, said:

"It has been said that this is an age of commercialism and not only do we find this to be true in all our business life, but in most every line of endeavor.

"Our very play has developed into

fields which tend to make the business man physically fit for business activity.

"Our schools give particular attention to manual training and our colleges and universities no longer feature the so-called 'culture courses,' but are developing and growing along utilitarian lines.

"Each business and profession is attempting to find ideal lines to follow and to this end business men have sought the assistance of educators and writers to outline the experience of the world of business and evolve from them the eternal laws of successful attainment.

"Nowhere in business life is this idea so successfully and scientifically carried out as it is among the bank men of the country. Nowhere has more real effort been made to develop men than in the banking profession.

"Since the organization of the American Institute of Banking as the educational section of the American Bankers' Association in 1900, great strides have been made towards the making of scientific bankers and financial experts.

"When the American Bankers' Association meets in Seattle in September, we will have with us a gathering not only of successful business men but of scientific bankers, men who know how to conduct their business well and who realize their obligations to the public they serve.

"Few of the citizens of Seattle know that on the fourteenth floor of the Alaska building there is a spacious and finely equipped room used as a laboratory for increasing the capacity and efficiency of the bank men of Seattle.

"For four years past our young bank men have studied banking and finance. The theory and practice of banking, banking law, public speaking and general business problems have been dealt with, investigated and studied.

"This organization will during the next year discuss and study many important financial problems confronting

the Northwest. Evenings will be devoted to discussion and exchange of ideas. First meeting will be devoted to the subject of 'Co-operative Banking,' a question which is now before the people of this State. The highest authority on the Coast on this subject will be the speaker of the evening, and at this gathering the problem will be discussed with an idea of determining the proper solution.

"It is the aim of the Seattle Chapter, American Institute of Banking, to include in its programme for next winter the working out of several of the financial problems which affect the people of this section of the country. Financial and banking authorities will be called into these meetings and efforts will be made to direct the solving of these problems in such a way as to meet the requirements of the times and the needs of the public."



San Francisco

—The Crocker National Bank has availed itself of the provision of the Federal Reserve Act authorizing national banks to act in certain trust company capacities.

—San Francisco Chapter, American Institute of Banking, held its annual election May 6 and installed its new officers. John S. Curran, retiring president, was presented with a gold cigar-cutter and chain. Past President Ralph A. Newell made the presentation.

The following officers and delegates were elected:

President, William A. Marcus; vice-president, H. A. Haake; secretary-treasurer, E. V. Krick; governors, Alfred Gock, James D. Lowsley, B. A. Supple, Roy Tierny, John T. Wallace; delegates to the annual convention of the American Institute of Banking to be held in San Francisco, August 18-20, W. R. Berry, E. A. Brown, H. L. Clapp, M. R. Clark, John Clausen,

John S. Curran, William A. Day, W. F. Gabriel, H. A. Haake, L. H. Hansen, L. W. Jenkins, Victor Klinker, Joseph H. Leal, W. D. Lux, H. E. Miller, Edward Moffatt, H. J. Moore, F. C. Mortimer, R. A. Newell, T. G. Spillane, Roy Warner, Prosper L. Wolf, George L. Woolrich.



—The First National Bank, Maricopa, California, has gone into voluntary liquidation, its assets having been purchased and liabilities assumed by the Producers Savings Bank of Bakersfield, Cal., which will continue to operate a banking business in the same building occupied by the First National Bank under the title of Maricopa Branch Producers Savings Bank, in charge of W. Y. White as manager. Clinton E. Warden, president of the First National Bank of Maricopa, and W. E. Benz, vice-president, have like offices in the Producers Savings Bank, which is the oldest bank in Kern County.

—As per the March 4 statement the Peoples Savings and Commercial Bank, Chico, Cal., showed: Capital, \$65,000; undivided profits, \$1,125; deposits, \$124,145.71. The bank has both commercial and savings departments, and in all respects is equipped for banking service.

—The Nixon National Bank of Reno, Nev., is putting up a new bank and office building, to cost about \$100,000. It is planned that the bank will occupy the entire street floor, sixty-four by ninety feet, besides a portion of the basement. The second and third floors will be for office use, while the top floor will be occupied by the Commercial Club. It is expected that the building will be finished within a year.

—A merger of the Farmers State Bank of Pullman, Washington, has been made with the First National Bank of Pullman. F. C. Forrest, cash-

ier of the Farmers State Bank, purchased the Pullman interests of W. O. Straight, cashier of the First National Bank, and succeeds him in that office. Ralph E. Doty, who was assistant cashier of the Farmers State Bank, and C. F. Anderson, assistant cashier of the First National, are both retained as assistant cashiers.

The First National Bank reported on May 1: Capital, \$50,000; surplus and profits, \$25,187; deposits, \$485,729; total resources, \$616,917. M. W. Whitlow is president, and M. Schultheis, Jr., and A. D. Wexler, vice-presidents.



CANADIAN NOTES

—The Quebec Bank of Quebec announces the establishment of a branch bank on May 3 at 68 St. Viateur street, Montreal.

The bank announces the transfer of business from the branch at Bulyea, Sask., to the branch at Strassburg, Sask., and the transfer of the business at the branch at Ponteix, Sask., to the branch at Neville, Sask.



The A. B. A. Check Exhibit at the Exposition

A MATTER of general interest to bankers throughout the country is the exhibit of the Bankers Trust Company of New York at the Panama-Pacific Exposition in the interests of American Bankers Association Travelers' Cheques. A view of this exhibit is shown in the company's announcement on page iii of this issue.

Flying high over the street in front of the forty-foot model of the Bankers Trust Company building is a huge "A. B. A." Cheque with a group of life-size plaster figures "Seeing the Expo-

sition." In the office part of the exhibit are many interesting pictures, and an enlarged facsimile of an "A. B. A." Cheque, representing graphically how the cheque should be signed, countersigned, and filled out, and calling attention to the values in various foreign moneys. This facsimile and diagram is six feet across, the cheque alone being a four-foot photographic enlargement of an A. B. A." Cheque.

This exhibit is not only of interest as an advertisement of the "A. B. A." Cheques, but also because it is intended as a general meeting place for bankers coming from various parts of the country. A cordial welcome will be extended them by Secretary George G. Thomson of the Bankers Trust Company, who is in charge of the exhibit. Copies of the various banking publications may also be had.

New Hotel Traymore, Atlantic City, New Jersey

THAT favorite resort for bankers—Atlantic City, N. J.—where so many conventions have been held, is noted for the magnificence and comfort of its hotels. As land values along the great beach front have advanced, it has become necessary to build the hotels to a greater height. The New Hotel Traymore is a notable example of this tendency. It is eighteen stories from the ground and made of concrete and steel. It is thus one solid piece of stone and

iron set on deep foundations at the very edge of the sea. The hotel has 700 rooms and 700 baths, and is conducted on the American and European plans. There is also a submarine grill, unique in America.

The exterior of the building is of rough brick and tile, sandy buff in color. The roof has three majestic domes, the highest of which rises so far above the Absecon Lighthouse that Uncle Sam's gleams along the



NEW HOTEL TRAYMORE. ATLANTIC CITY, NEW JERSEY

shore for needy mariners will be inferior to the electric display at the top. Indeed, the Traymore is the highest point on the Atlantic Coast south of the Statue of Liberty, and those who make use of its upper balconies and solariums on the floors near the top may have the advantage of altitude at the sea-level; the rarefied atmosphere of the mountain and the salt breezes of the sea.

Some of the features will indicate the completeness and magnitude of this four-million-dollar enterprise. The structure is absolutely fireproof; there is no inflammable material except the doors, the trim and the furniture. Ten plunger elevators, supported on columns of water that sink 200 feet into the earth, are for the use of the guests. Eighty-five per cent of the rooms have a sea view. The exchange, floored and trimmed in marble of three colors, is long enough for college athletes to run a hundred-yard dash. Along the main corridor are parlorettes and sheltered angles for guests and their friends. The fountain forecourt has a great globe of gold fish, with a unique illumination from below. A large reading room is on the eighth floor, fronting the sea. The restaurant gives the suggestion of open air dining as in the Creole streets of New Orleans.

The porch spaces are so ample that, if the hotel were full, and every guest invited a friend, there would be room for all to rest at ease in steamer chairs. Three banquet halls, one of which can be used as an auditorium, seating five hundred persons, are a part of the equipment, in addition to the great American dining room. In this last seven hundred can be accommodated at small tables.

The Traymore has made a new chapter in hotel architecture. The designers forgot all about the architectural traditions of Europe and built a hotel to express the spaciousness of America, in general, and the local color of Atlantic City in particular. The great mass, from a distance, looks like a high headland thrusting itself into the sea, and the color scheme, by the tile work of

the exterior and the decoration of the interior—ultramarine blue, sea green and vivid orange colors used as mere accents against large neutral backgrounds—is appropriate to the seashore where nature, amid spaciousness, displays a harmony in blue sky, green ocean and radiant sunshine. The effect produced is one of cheerfulness and buoyancy; an inviting atmosphere, where tired visitors come for rest and recreation. Magnitude and cheerfulness in a phrase are the dominating notes in the creation of the Traymore.



National City Bank of New York to Open Sub-Branch at Montevideo

PERMISSION has been granted the National City Bank of New York by the Federal Reserve Board to establish a sub-branch bank at Montevideo, Uruguay. This establishment will be a sub-branch of that branch of the National City Bank now established at Buenos Ayres, Argentina. The National City has branch banks now also at Rio de Janeiro and Havana. This is the first time the board has permitted the establishment of a sub-branch of a foreign branch of a national bank.

It is understood that it is the intention of the National City Bank ultimately to establish branch banks all over Central and South America as fast as the trade between the United States and those countries warrants more direct facilities for taking care of the business. The board has been willing to co-operate with the National City in this endeavor in every way possible, recognizing the fact that the establishment of the foreign branches, authorized under the Federal Reserve Act, will be an influential agency in promoting the trade with those foreign countries.

Figuring Out the War's Cost

BEFORE the Royal Statistical Society at London recently, Edgar Crammond read a paper in which he estimated that if the European war con-

tinued until July 31, the cost to the belligerents would be \$45,739,500,000. Here are his figures, which are interesting even as an estimate.

GERMANY.

Direct expenditure of Government	£938,000,000
Capitalized value of loss of life	879,000,000
Loss of production.....	958,000,000
Total	£2,775,000,000

FRANCE.

Direct expenditure of Government	£553,400,000
Destruction of property.....	160,000,000
Capitalized value of loss of life	348,000,000
Loss of production.....	625,000,000
Total	£1,686,400,000

BELGIUM.

Direct expenditure of Government	£36,500,000
Destruction of property.....	250,000,000
Capitalized value of loss of life	40,000,000
Loss of production.....	200,000,000
Total	£526,500,000
Total cost to Allies.....	£4,870,900,000
Total cost to enemy.....	4,277,000,000
Grand total	£9,147,900,000

RUSSIA.

Direct expenditure of Government	£600,000,000
Destruction of property.....	100,000,000
Capitalized value of loss of life	300,000,000
Loss of production.....	400,000,000
Total	£1,400,000,000

BRITISH EMPIRE.

Direct expenditure of Government	£708,000,000
Capitalized value of loss of life	300,000,000
Loss of production, etc.....	250,000,000
Total	£1,258,000,000

AUSTRIA.

Direct expenditure of Government	£562,000,000
Destruction of property.....	100,000,000
Capitalized value of loss of life	240,000,000
Loss of production.....	600,000,000
Total	£1,502,000,000



New Counterfeit National Bank Notes

FIVE Dollar National Bank Note on the Home National Bank of Cleburne, Tex.—Series of 1902-1908; check letter "B"; J. C. Napier, Register of the Treasury; John Burke, Treasurer of the United States; portrait of Benjamin Harrison; charter number 10411; bank number 1589; Treasury number T-730766A.

Twenty Dollar National Bank Note on the National Security Bank of Boston, Mass.—Series of 1902-1908; check letter "B"; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States; portrait of Hugh McCulloch; charter number 891 appears in blue ink on the face of the note, while the correct charter number

of this bank 1675 may be found in several places in the border of the bill; bank number 17506; Treasury number T410970A.

These two counterfeits are apparently printed from crudely executed etched plates on poor quality paper which contains no silk threads or imitation of them. Both the bank and Treasury number of the five dollar bill and the bank number of the twenty dollar counterfeit are printed in black ink, being no doubt reproduced on the etched plate with the rest of the bill.

These counterfeits are so poor that they should be readily detected and therefore require no further detailed description.

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